

# FINANCIAL TIMES



**Argentina**  
Sitting on a goldmine  
Page 11

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Why mergers often fail  
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**The FT 500**  
Top companies around the world  
Page 13; separate section

World Business THURSDAY JANUARY 25 1996

## US approves use of controversial fat substitute in food

The US Food and Drug Administration approved the controversial fat substitute olestra for use in certain snack foods, but with warning labels that it may cause side-effects. The FDA said that because of its unique chemical composition, olestra adds no fat or calories and food made with it will be lower in fat and calories than that made with traditional fats. Page 3

**Forte proposes management buy-out:** A day after Sir Rocco Forte (left) lost his company to Granada Group in a fiercely disputed £3.5bn (\$6bn) takeover battle, the Forte chairman told Granada chief executive Gerry Robinson he plans a management buy-out of 187 Forte hotels - including the George V in Paris, the Grosvenor House in London and the Plaza Athénée in New York - in a deal that could be worth up to £2bn. Page 13

**UK pushes Ulster elections:** British prime minister John Major pinned his Northern Ireland strategy on elections to a constitutional convention after the three-man international body dismissed the British demand that the IRA give up some of its arms. Page 12; Editorial Comment, Page 11

**Crédit Foncier de France,** the specialist property institution, is seeking a single large shareholder to inject capital and shore it up from collapse after difficulties in obtaining lines of credit. Page 13

**Russian rouble under pressure:** The Russian rouble fell to Rb4,715 against the dollar, from Tuesday's Rb4,700. The government has promised to defend the rouble's exchange rate against the dollar within a band of Rb4,700-Rb5,100 until July 1. Page 2

**US figures prompt rate cut rumours:** Unexpectedly weak figures for US industrial production raised fresh doubts about the economy's momentum and prompted renewed speculation about an interest rate cut next week. Page 12

**Grundig, German consumer electronics group,** is to report a net 1995 loss of nearly DM500m (\$347m) because of falling prices, the strong D-Mark, restructuring provisions and commercial misjudgments, according to senior company directors. Page 13; Lex, Page 12

**Fokker shares halved:** Fokker's shares lost nearly half their value as trading resumed after a two-day suspension, giving investors their first chance to react to news of the Dutch aircraft maker's dire financial straits and its filing for protection from creditors. Page 14; When big is not always best, Page 10

**World manufacturing falls:** Worldwide manufacturing output growth slowed to 3.2 per cent last year from 4.1 per cent because of weaker expansion in industrialised countries, according to a report by the United Nations Industrial Development Organisation. Page 4

**Court martial for US soldier:** A 22-year-old US Army medic was court-martialed for refusing to wear a UN beret and shoulder patch during a peace-keeping mission in Macedonia and will be discharged for bad conduct. US Congressional members are introducing legislation to make it illegal to order an armed service member to wear UN insignia. UN's peacekeepers live to fight another day, Page 4

**Ciba sales hit by strong franc:** Swiss pharmaceuticals and chemicals company Ciba said the strength of the Swiss franc cut sales by 3 per cent last year to SF20.7bn (\$17.4bn), from SF22.06bn in 1994. Page 14

**US renews China trade sanctions threat:** The US administration has revived its threat to impose sanctions on Chinese exports if Beijing does not take more effective action to stamp out copyright violations on compact discs and computer software. Page 4

**Five die in Naples explosion:** Rescue workers said five people were killed and five others were believed dead after a building collapsed, triggering an explosion at a road tunnel construction site in Naples.

**French union plans more strikes:** France's communist-led CGT trade union said it was calling a week of protests against government reforms next month, but stopped short of staging a repeat of last year's crippling public sector strikes.

**STOCK MARKET INDICES**

New York	Dow Jones Ind	5,233.09	(+40.22)
NASDAQ Composite	1,040.70	(+12.65)	
Europe and Far East			
UK	1,945.97	(+11.35)	
France	2,227.07	(+28.53)	
FT-SE 100	2,752.2	(+23.2)	
Hong Kong	20,212.74	(+231.92)	

**US DOLLAR**

New York	Dollar	1.2115
London	Dollar	1.6218
Frankfurt	Dollar	1.6218
Paris	Dollar	1.6218
Tokyo	Dollar	1.6218

**US DOLLAR**

New York	Dollar	1.2115
London	Dollar	1.6218
Frankfurt	Dollar	1.6218
Paris	Dollar	1.6218
Tokyo	Dollar	1.6218

**OTHER RATES**

UK 3-mo Interbank	5.1%	(same)
UK 10 yr Gilt	10.5%	(10.5%)
France 10 yr OAT	10.87%	(10.87%)
Germany 10 yr Bund	10.1%	(10.1%)
Japan 10 yr JGB	11.57%	(11.57%)

**NORTH SEA OIL (Argus)**

Brent 15-day (bar)	\$18.97	(16.62)
Tokyo \$ close	¥106.80	

**OTHER RATES**

Albania	100 Lek	100 DM	12.50
Argentina	100 Pesos	100 US\$	16.70
Australia	100 Dollars	100 US\$	1.54
Bahrain	100 Dinars	100 US\$	2.67
Belgium	100 Francs	100 US\$	36.36
Bulgaria	100 Levs	100 US\$	167.36
Canada	100 Dollars	100 US\$	1.00
China	100 Yuan	100 US\$	8.27
Czech Rep	100 Korunas	100 US\$	20.37
Denmark	100 Kroner	100 US\$	6.46
Egypt	100 Pounds	100 US\$	20.47
Finland	100 Marks	100 US\$	5.94
France	100 Francs	100 US\$	6.55
Germany	100 Marks	100 US\$	1.93
Greece	100 Dracmas	100 US\$	340.75
Hong Kong	100 Dollars	100 US\$	7.75
India	100 Rupees	100 US\$	47.54
Indonesia	100 Rupiah	100 US\$	1,547.80
Italy	100 Lira	100 US\$	2,036.27
Japan	100 Yen	100 US\$	106.48
Malaysia	100 Ringgits	100 US\$	3.78
Mexico	100 Pesos	100 US\$	16.70
Netherlands	100 Guilder	100 US\$	2.20
New Zealand	100 Dollars	100 US\$	1.35
Norway	100 Kroner	100 US\$	6.46
Poland	100 Zlotys	100 US\$	4.00
Portugal	100 Escudos	100 US\$	200.48
Spain	100 Pesetas	100 US\$	166.64
Sweden	100 Kronor	100 US\$	8.46
Switzerland	100 Francs	100 US\$	75.48
Taiwan	100 New Dollars	100 US\$	37.00
Thailand	100 Baht	100 US\$	50.00
Turkey	100 Liras	100 US\$	16.70
USA	100 Dollars	100 US\$	1.00
UK	100 Pounds	100 US\$	0.75
West Germany	100 Marks	100 US\$	1.93
Yugoslavia	100 Dinars	100 US\$	20.37

## Indonesia plans N-plant on dormant volcano

Indonesia's President Suharto yesterday commissioned a blueprint for a controversial nuclear power station on an inactive volcano on the densely populated island of Java. A proposal to build a nuclear power plant on Mt Merapi, central Java, has been in prospect for some years now, bringing criticism from environmentalists and energy consultants. But yesterday's move brings the project a stage closer to reality. Energy consultants say that with Indonesia's vast reserves of coal, gas and its potential for geothermal and solar energy, no clear reason exists for it to build a nuclear plant. Concern exists that Indonesia does not have an independent regulator to oversee nuclear power. Environmentalists have deplored the absence of public

debate on the project and that previous feasibility studies have not been made public. Some Indonesian geologists have argued that building a nuclear power station next to an inactive volcano is a gamble. Batan, the state's national atomic energy agency, says the volcano has been dead for 340,000 years. Mr Djalim Ahimsa, head of Indonesia's Atomic Energy Council, did not name the consultants involved but said Atomic Energy of Canada (AECL) and a joint venture between Westinghouse Electric of the US and a company in Japan's Mitsubishi group had expressed interest in participating in the project. After an audience with Mr Suharto, who is likely to have the final say on the project, Mr Ahimsa said the plant would be handled on a built-operate-own arrangement. The Indonesian

government might own a stake through a state-owned company. He said AECL's proposal was "detailed", including a proposal to sell electricity to PLN, the state electricity company, at a price set by the government. Unnamed Japanese and Swiss consultants are due to hand in a preliminary version of the plant's blueprint in July. Construction of the 1,600 megawatt plant is expected to begin in 1998 or 1999.

## NTT unit signals revival in equity issues

By Emiko Terazono in Tokyo

NTT Data Communications Systems plans to raise ¥7bn (\$620m) through a public placement of 30,000 new shares, signalling a revival in Japanese equity issues following the Tokyo stock market's recovery last year. The move, by the data communications subsidiary of Japan's Nippon Telegraph and Telephone, is the largest Japanese public capital increase since April 1990.

Goldman Sachs in Tokyo estimated equity and equity-linked financing will reach ¥4,800bn this year, almost double that of last year, as other companies seek to raise funds.

Reports that Sony, the consumer electronics group, was considering issuing up to ¥300bn in domestic convertible bonds depressed its share price yesterday, falling 2.6 per cent to ¥6,500. But if the stock market regains its present level, the government could also decide to sell further stakes in companies including Nippon Telegraph and Telephone and Japan Tobacco.

The easing of restrictions on the listing of warrant bonds could also encourage further equity issues. The government's minimum profit requirements for issuing warrant bonds have been abolished and a ban on over-the-counter companies issuing warrant bonds has been lifted.

The country's banks may also be tempted to issue preferred shares in an effort to boost their capital adequacy ratios. NTT Data, listed on the second section of the Tokyo stock exchange last April, said part of the proceeds would be used to repay ¥30bn of its ¥500bn debts while ¥30bn will be used for capital investment. The shares will be issued at a par value of ¥3.0m. The issue is to be led managed by Daiwa Securities.

A total of 6,000 shares will be offered overseas and 27,000 will be offered in Japan. Domestic subscriptions for the shares will be accepted today and tomorrow with payment set for February 14. Subscriptions for the overseas portion is from today through to February 14. The new offerings will bring NTT Data's shares outstanding to 263,000 shares.

## Giscard says criteria for Emu should be reviewed

By Lionel Barber and George Graham in Brussels

A call for flexible interpretation of the Maastricht treaty's rules on budget deficits to guarantee that monetary union will go ahead on schedule in 1999 came yesterday from Mr Valéry Giscard d'Estaing, former president of France and an ally of President Jacques Chirac. His remarks come amid growing doubts about the feasibility of the Emu timetable in the wake of an economic slowdown in Europe. They are certain to fan controversy in Germany where the Bundesbank has insisted on a strict reading of the treaty.

There were also further signs of concern yesterday in Spain, where Mr Carlos Westendorp, the foreign minister, warned that the single currency faced a "credibility crisis" after sceptical statements by several leading politicians recently. Mr Giscard made the suggestion at the end of a three-day European Commission-sponsored conference intended to lay the ground for promoting the Euro as Europe's future single currency at which he accused Emu opponents of conducting a "smear campaign". A co-founder of the

## German accord on jobless cuts



German Chancellor Helmut Kohl, above, gestures during a cabinet meeting before an announcement that his government, the unions and employers were pledging themselves to a programme aimed at cutting public spending and reducing unemployment by 2m over the next five years. The agreement, reached during talks involving Mr Kohl on Tuesday night, was greeted by union and government representatives as an extension

of Germany's postwar consensus tradition to resolve current high unemployment and sluggish growth. The unemployment level is expected to reach 10 per cent - 4m people out of work - in the coming months. The response from industry was less enthusiastic. The accord aims to cut public spending's share of gross domestic product from 50 to 40 per cent but is vague on details on this and the employment measures. Report, Page 12 Photo: AP

## Oleksy resigns as Polish PM after spy allegations

By Anthony Robinson and Christopher Bobinski in Warsaw

Mr Jozef Oleksy resigned as Poland's prime minister last night after military prosecutors decided to open a formal investigation into allegations that he had close links with Russian spies. The resignation has brought to a head Poland's most serious political crisis since the end of communist rule in 1989 and could lead to the collapse of the coalition government led by Mr Oleksy's former communist Left Democratic Alliance (SLD), which took office two years ago.



Jozef Oleksy: said he was quitting as PM to clear his name

In a televised speech, Mr Oleksy said he was resigning because he was innocent and wanted an opportunity to clear his name. "I have never done anything to harm Poland," he said. "I have nothing to hide. I am not afraid of the investigation... only that can show the truth and clear me of the charges."

Earlier, the Warsaw military prosecutor's office said it had decided to investigate formally the allegations that Mr Oleksy had "passed information to a foreign intelligence service". The statement also named two Russian agents who are alleged to have cultivated the former prime minister in the 1980s and early 1990s. Mr Oleksy has said

Mr Oleksy, who is immune from prosecution because of his status as a parliamentary deputy, had indicated that he would waive this immunity to clear his name.

Last night he said: "The propaganda against me and my party and the coalition continues, but the governing of the state cannot be disturbed. I have thought everything over and decided that my affairs and my fate must be put aside."

Mr Alexander Kwasniewski, Poland's president, now has 14 days to propose a new prime minister, who will have to win the approval of parliament in which the ruling coalition has a comfortable majority.

Mr Oleksy, Poland's sixth prime minister since the end of the communist regime, was a local party secretary before becoming minister in charge of relations with the trade unions during negotiations with the Solidarity alliance which led to the country's first semi-free elections in 1989.

He came to prominence after the 1993 parliamentary election when he was elected speaker of the Sejm, parliament's lower chamber.

Eighteen months later he became prime minister after pressure from then President Lech Walesa forced the coalition to drop another candidate.

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صكنا عن الاصل

NEWS: EUROPE

Finì pressed to back reform government

By Robert Graham in Rome

Mr Gianfranco Fini, leader of Italy's rightist National Alliance (AN), is under mounting pressure to back a broad-based government committed to institutional reforms.

culture minister representing AN, the Forza Italia movement of Mr former premier Silvio Berlusconi and the Party of the Democratic Left (PDS), which dominates the centre-left alliance.

Part of the draft of this agreement was leaked yesterday in Il Giornale, the daily newspaper owned by Mr Berlusconi's younger brother, Paolo. Those involved in preparing the reform proposals were irritated by the leak, but they confirmed the substance.

Mr Berlusconi and Mr Massimo D'Alema, the PDS leader, have already reached broad agreement on the need for a reform government, headed by a neutral figure like Mr Dini.

Mr Dini is refusing to endorse Mr Berlusconi's main ally in their right-wing alliance - is refusing to endorse Mr Dini for a second term of office. He is also questioning whether a government committed to a reform ticket would have the cohesion needed to stay together until 1997 to carry out these reforms or to conduct economic policy.

Brussels to keep eye on farm aid

By Alison Maitland in London

The European Commission has drawn up measures to ensure that over Ecu5bn (\$7.6bn) in new subsidies to farmers to benefit the environment are not being misappropriated.

There is concern in the commission that the subsidies - for such purposes as protecting and restoring grassland, hedgerows, stone walls, water-courses and wildlife habitats - may be slipping into farmers' pockets with no obvious return.

But the Commission faces opposition from some member states to the measures, set out in an unpublished document to be discussed by members at a Brussels meeting tomorrow.

The concerns over the subsidies - shared by environmental groups and the Paris-based Organisation for Economic Co-operation and Development - are over the way the subsidies are to be regulated.

The Commission says schemes are evaluated in the UK, Denmark and parts of Germany, but the situation is unclear in some member states. "And there are others we're sure don't do anything," an official said.

Member states have widely differing views of the schemes: some see them as a way of helping farmers "digest" the CAP reforms, others put more emphasis on environmental concerns.

The new draft regulation to be discussed by a Commission committee sets out rules on how to operate agri-environment schemes. These include the need for proper evaluation and for member states to report back to the Commission on the results.

The Commission - backed by Britain, the Scandinavian countries, the Netherlands and Portugal - is insisting member states pay for evaluation. Ireland, Italy, France, Spain and Belgium are understood to be resisting unless the Commission funds it.

Polish inquiry will ask: did secrets pass to KGB man?

By Anthony Robinson and Christopher Bobinski in Warsaw

The investigation into Mr Jozef Oleksy will centre on whether his friendship since the early 1980s with Mr Vladimir Alganov, a KGB officer working under Soviet diplomatic cover in Warsaw, was an innocent social relationship or whether it involved him passing state secrets to Moscow.

Mr Oleksy's resignation will usher in a new period of damaging political instability, and a further struggle for control over the security forces, or whether President Kwasniewski will be able simply to replace him with another SLD politician capable of winning a confidence vote in parliament.

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Anti-communism may hit economy

By Anthony Robinson and Christopher Bobinski in Warsaw

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Josef Oleksy sits motionless as parliamentary colleagues vote 285-5 to make him prime minister last March.

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Russian deputy PM reaffirms hard line

By Chrystia Freeland in Moscow

Mr Oleg Soskovets, the Russian first deputy prime minister, yesterday called for a change in the government's austere fiscal and monetary programme, in a sign that the hardline faction in the Kremlin has become emboldened by a recent spate of political victories.

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Juppé finds foes on the left and right

France's PM has more than the trade unions to contend with, writes David Buchan

More than two months after announcing his controversial reform of the French welfare state, prime minister Alain Juppé at least scored a couple of successes yesterday.

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EUROPEAN NEWS DIGEST

German repo rate now 3.55%

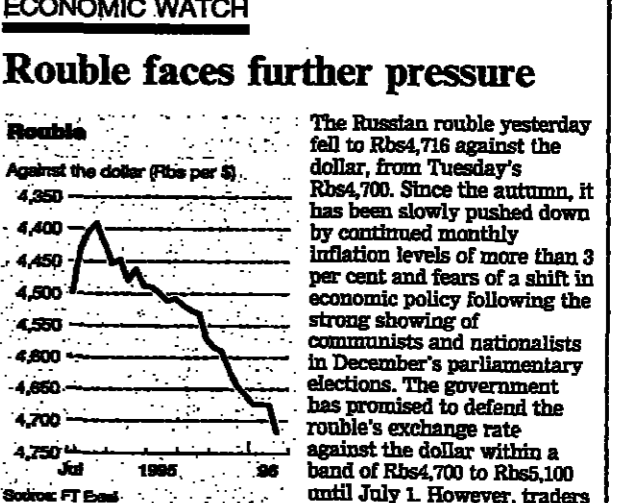
The downward trend in German short-term interest rates continued yesterday as the closely-watched securities repurchase (repo) rate fell to 3.55 per cent from 3.66 per cent, giving a further impetus to some economists' hopes of further cuts in the discount and Lombard rates. The Bundesbank last cut these rates by half a percentage point to 3 and 5 per cent respectively in mid-December.

Portuguese social pact agreed Portugal's Socialist government yesterday agreed with trade unions and employers' organisations on a social pact that includes reducing the maximum working week from 44 hours to 40 hours within the following year. However, the Communist-dominated CGTP-Inter-sindical union federation declined to sign the pact after rejecting provisions that will oblige workers to accept more flexible working hours and job descriptions.

Bulgarian bank chief named Mr Lyubomir Filipov was yesterday appointed governor of the Bulgarian National Bank in succession to Mr Todor Valchev. Mr Filipov, who had been deputy governor, was backed by the large Bulgarian Socialist party majority in parliament but has been accused by the opposition Union of Democratic Forces of being directly linked to the BSP. The Socialists have asked the deputy governors of the bank to step down in order to be replaced by a new team, but they have refused for the time being as their terms have not expired under the current bank regulations.

Tussle over Bonn telecoms A squabble between two German ministers about who gets to run Germany's new telecoms watchdog has delayed approval of the new law by Chancellor Helmut Kohl's government. Bonn officials say. The new law, to regulate telecoms after liberalisation in 1998, was to have been approved during yesterday's cabinet meeting but is now likely to be presented at the next meeting on January 30. By then officials hope that Mr Günter Rexrodt, economics minister, and Mr Jürgen Rüttgers, research and technology minister, will have sorted out whose ministry will oversee the new authority.

Moldova rebels in tax plan Moldova protested yesterday after its separatist Trans Dniestr region said it would tax goods crossing its territory. A representative of Moldovan President Mircea Snegur said the move came as a shock because Trans Dniestr leaders had agreed on Tuesday to resume talks over the legal status of the rebel region, after a four-month break. He said the decree contradicted a joint declaration signed by Moldovan and Trans Dniestr leaders in July that both sides would remove all obstacles to normal relations.



The Russian rouble yesterday fell to Rub4,716 against the dollar, from Tuesday's Rub4,700. Since the autumn, it has been slowly pushed down by continued monthly inflation levels of more than 3 per cent and fears of a shift in economic policy following the strong showing of communists and nationalists in December's parliamentary elections. The government has promised to defend the rouble's exchange rate against the dollar within a band of Rub4,700 to Rub5,100 until July 1. However, traders predicted the currency would come under continued pressure this month. The markets are particularly uneasy following the sacking last week of Mr Anatoly Chubais, the architect of Russia's market reforms, from his cabinet post. Although President Boris Yeltsin has promised that reforms will continue, he has also said he will improve the country's social welfare net and boost investment in industry, pledges which could lead to a jump in inflation and a weakening of the rouble.

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صكنا من الاصل

# Spain sows confusion on Emu timing

By Tom Burns and David White in Madrid

The Spanish government claimed yesterday it was on course to participate in the single European currency after creating confusion over Madrid's stance on the 1996 deadline for its introduction.

Mr Pedro Solbes, the economics minister, said Spain had the "very clear objective" of doing "everything possible" to join the 1999 start-up of economic and monetary union (Emu) and that he was "very optimistic" Spain would be a participant in the single currency.

The minister based the upbeat prospect on a 9.5 per cent fall in the state's cash deficit in 1995, a fall that improved on the government's goal for the year of an 8.4 per cent reduction.

Mr Solbes said Spain was now in a position to wrestle its consolidated budget deficit down to 4.4 per cent of gross domestic product this year and to 3 per cent in 1997, thereby meeting a key condition to participate in Emu. He said the budget deficit for 1996 could come in below the 5.9 per cent of the GDP projection that had been written into Spain's Emu convergence programme.

Confusion had earlier been sown by informal remarks made to journalists in Madrid by Mr Carlos Westendorp, the foreign minister. His statement was interpreted as suggesting the possible postponement of Emu if too few countries were able to qualify.

Mr Westendorp yesterday denied he was questioning the qualification criteria or the 1999 deadline, and said Spain should and could - with effort - be in the first group of single currency countries.

However, he said it would be "unhealthy" if Germany and France were the only big EU countries to start up the single currency. The Euro would be impossible without their presence, but the participation of

at least one or other larger EU member - Italy, the UK or Spain - was required to make the project politically viable, he said.

Warning of a "credibility crisis" surrounding the single currency scheme, Mr Westendorp said it might be necessary to "stop the clock" for several months to allow Emu participation by countries which might be disqualified on the basis of their economic

performance after the end of 1997, the reference point for joining the single currency.

Mr Solbes, who was clearly embarrassed by Mr Westendorp's reported calls for the postponement of the single currency, said the foreign minister had "been discussing hypothetical situations in an off-the-record briefing. Such remarks did not in any way represent the view of the government", he said.

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Close to home, Mr Yeltsin's attempt to join the European club has encountered stiff opposition, as politicians from neighbouring countries and leading Russian democrats warn that the Kremlin boss should no longer be viewed as a reformer. Fourteen former communist states have joined the Council since 1999.

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Spanish foreign minister Carlos Westendorp warned of a "credibility crisis" surrounding the single currency scheme.

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The judge based his decision on evidence from 14 other government, party

# Will democracy club admit Mr Boris Yeltsin and friends?

## Western test for Russia

By Chrystia Freeland in Moscow and Caroline Southey in Brussels

Few western leaders pay much attention to the Council of Europe, a Strasbourg-based assembly of parliamentarians from 38 nations which seeks to promote human rights and democracy.

But its debate today on whether to admit Russia is being seen in Moscow as a test of the west's support for Russian President Boris Yeltsin and of its willingness to view the Kremlin boss as the guarantor of his country's fragile democracy.

Mr Yeltsin upped the political ante this week when he issued a public statement warning the Council that failure to admit his country would be interpreted as "a refusal to support those who are fighting for democratic institutions and democratic principles in Russia" and would give tacit backing to Chechen rebels who have resorted to hostage-taking in their fight for independence.

Even before Mr Yeltsin's bold call there were signs across the European Union of a shift away from earlier antagonism to Russia's membership.

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Chechen fighters yesterday released some 42 civilian hostages, who had been seized in a raid this month and had survived a bloody attack by would-be Russian liberators, writes Chrystia Freeland. In an embarrassing rebuke to the Kremlin, Chechen separatists held an official farewell ceremony for their captives and provided them with a yellow bus for their journey back to their homes in neighbouring Dagestan.

Dagestani officials, who met Chechen rebels before the hostages set off for their homes, thanked the Chechen separatists for releasing their captives.

Last week, Russian troops launched a devastating assault on the village of Pervomayskoye, where the hostages and their Chechen captors were besieged by Russian forces. Moscow said the operation was an attempt to free the captives and accused the Chechens of slaying their civilian hostages.

But after their release yesterday many of the former hostages said they had been well treated by the Chechen fighters, who took some of their captives with them last week when they broke through the ring of Russian troops surrounding Pervomayskoye. The Chechens are still holding some police commandos who were seized outside Pervomayskoye. They want to exchange them for rebels captured by the Russians.

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Yeltsin: tarnished image as west's democratic champion

attitude to Russia, the president's most dangerous political rivals are supporting the Russian application.

Mr Gennady Zyuganov, the Communist leader whose party dominated December parliamentary elections, yesterday called on the assembly to admit Russia. Mr Zyuganov, who will be a member of the Russian delegation which attends today's Council session, said: "A negative vote would create a political curtain between the two parts of Europe. Russia is part of Europe, a legitimate child and not a bastard."

But Russia's application also risks being undermined by some of its more unsavoury supporters.

Another member of the Russian delegation is Mr Vladimir Zhirinovskiy, the flamboyant ultra-nationalist whose party controls one of the biggest fractions in the Russian parliament. A harsh outburst today from Mr Zhirinovskiy, who is known for his racist and anti-western rhetoric, could alienate undecided assembly members.

# 'Dirty war' woes for Gonz6lez

By David White

Spain's centre-right opposition yesterday turned up the heat on Mr Felipe Gonz6lez, the Socialist prime minister, after a Supreme Court judge directly connected his government with the organisation of anti-terrorist hit squads in the 1980s.

Judge Eduardo M6ner charged Mr Jos6 Barriomuevo, the former interior minister, over a kidnapping in the south of France in 1983. Mr Barriomuevo is accused of illegal detention, misuse of public funds and association with an armed group.

The charges relate to allegations that Mr Gonz6lez and his government backed or condoned the "dirty war" against suspected Basque separatist guerrillas based in south-west France during the 1980s - a claim the prime minister has denied.

The opposition Popular party, already leading in the polls ahead of general elections on March 3, demanded that Mr Gonz6lez provide explanations to congress's

standing committee during the current parliamentary recess.

Mr Federico Trillo, the Popular party's justice spokesman, described yesterday's charges as "tremendous". It is the first time since the restoration of democracy in Spain in the late 1970s that a former minister has faced criminal charges.

Mr Barriomuevo, interior minister in Mr Gonz6lez's first government from 1982 to 1988 and a close colleague of the prime minister, was expected to appeal to avoid trial, in which he could face a sentence of up to 30 years in prison. Judge M6ner, in charge of investigating allegations against the former minister and other politicians, including Mr Gonz6lez himself, made clear that Mr Barriomuevo and his former security chief, Mr Rafael Vera, stood accused of directing the so-called Anti-Terrorist Liberation Groups (Gal), which are blamed for some 26 killings between 1983 and 1987.

The judge based his decision on evidence from 14 other government, party

and police officials already formally charged in the Gal case.

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# New fat substitute approved by FDA

The US Food and Drug Administration yesterday approved the controversial fat substitute olestra for use in certain snack foods, but with warning labels about possible side effects, Reuter reports from Washington.

The FDA said that because of its unique chemical composition, olestra adds no fat or calories to food, and so potato chips, crackers and tortilla chips made with it will be lower in fat and calories than those made with traditional fats.

Mr David Kessler, FDA Commissioner, said in a statement that "Olestra may cause abdominal cramping and loose stools in some individuals, and inhibits the body's absorption of certain fat-soluble vitamins and nutrients."

He said the FDA was requiring the makers to label all foods which are made with olestra and, to protect the public health, to add the essential vitamins A, D, E and K.

As a condition of approval, the FDA said, Procter & Gamble will conduct studies to monitor consumption as well as studies on olestra's long-term effects, and that the agency would review the studies in a public meeting within 30 months.

The agency said its approval meant that it had determined that the available data and information established that olestra was safe for use in savory snacks.

The FDA said the following label statement would be required on all olestra products:

"This product contains olestra. Olestra may cause abdominal cramping and loose stools. Olestra inhibits the absorption of some vitamins and other nutrients. Vitamins A, D, E and K have been added."

The FDA said that while olestra may cause cramping and loose stools, these gastrointestinal effects do not have medical consequences and that the labelling would advise consumers to stop using olestra if appropriate.

# Pomp helps push Clinton message

By Paul Waldmeir in Washington

When it comes to projecting personality, none of the current crop of US presidential candidates can beat President Bill Clinton - and certainly not his chief rival, Mr Bob Dole, the Majority Leader in the Senate.

On Tuesday night, the two men held what amounted to an unofficial campaign debate. Mr Clinton spoke first, addressing Congress and the nation for an hour on prime time television with his annual State of the Union speech.

Mr Dole replied, from his office in the Senate. By the time the pundits and pollsters had had their say the following day, the verdict was clear: Mr Clinton won on body language.

The setting helped. Mr Clinton dominated a packed chamber of the House of Representatives, with the assorted luminaries of American life, joint chiefs of staff, Supreme Court justices, and senators arrayed at his feet.

He could count on applause to provide the rhythmic cadences and crescendos for prose which did not naturally soar.

Even the controversy over his wife, who will tomorrow testify before a grand jury over the Whitewater affair, could not spoil the mood.

He defended her with emotion and obvious sincerity, calling her a "wonderful wife, a magnificent mother, a great First Lady".

The natural props for Mr Dole's speech, recorded in his

flag-draped Senate office, put him at an immediate disadvantage: no applause; no pomp; no elevation.

But the 72-year-old Republican candidate's performance was handicapped by more than setting. Even at its most passionate and forceful, his voice held the tell-tale quaver of age. If elected, he would be the oldest President ever to begin a term in the White House. On Tuesday night, it showed.

In a campaign focused more on leadership than policy, form counts. Mr Dole's form was not only shaky, but confrontational, contrasting sharply with the conciliatory tone adopted by his rival.

At a time when opinion polls show most Americans disgusted by Washington lithering, walkouts and government shutdowns, Mr Clinton rose above the fray to stake a claim to the moderate middle ground.

But what they actually said was remarkably similar. Both seemed to choose from the same pool of political rhetoric, pledging allegiance to smaller and "cheaper government," to family values, self-reliance and community effort.

The fact that Mr Clinton chose from that pool, outlining themes borrowed liberally from the Republicans, highlights the degree to which the rhetorical agenda has shifted since he took office in 1992.

But there was ample evidence in the speech of a divergence between action and rhetoric. While proclaiming the "end of big government" no less than three times, Mr Clin-

ton outlined no new plans to curtail its scope, and several small measures to extend it. As Mr Newt Gingrich, the Republican House speaker, said afterwards, Mr Clinton is "governing like Lyndon Johnson, but talking like Ronald Reagan."

Mr Gingrich probably overstates the fact: Mr Clinton cannot govern like Johnson, author of the Great Society social reforms, because public opinion makes that impossible; nor can he really talk like the minimalist Reagan.

But Mr Gingrich highlighted a basic confusion in the Clinton message, and one which attracted much post-speech comment: does Mr Clinton believe the conservative rhetoric which on Tuesday night allowed him to command the political centre?

Would he, as Mr Gingrich alleges, "talk in the centre and govern on the left, and hope the country never picks up the difference?"

The next few days will test that commitment; funding for government departments will run out again tomorrow, unless Congress and the White House agree another temporary extension. The risk of a default on national debt payments looms at the end of next month.

In the wake of Mr Clinton's speech, both sides were sounding positive about a temporary funding deal: House Republican leaders emerged from a meeting yesterday to say they did not believe a complete balanced budget deal was possible

while Mr Clinton was in the White House.

But they offered a "down payment" on a deal, enshrining agreements which had already been reached and leaving the

rest to be resolved by the November election.

That will provide Mr Clinton and Mr Dole with many more opportunities for debate, before the year is out.

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# AMERICAN NEWS DIGEST

## Colombia health minister quits

Mr Augusto Galan, Colombia's health minister, has resigned from the cabinet in the wake of allegations by former defence minister Mr Fernando Botero that President Ernesto Samper knew the Cali drug cartel partly funded his 1994 election campaign.

The leadership of Mr Samper's Liberal party appears divided about whether the president should resign, or recall congress for a debate and further investigation of his conduct, or hold a plebiscite on his administration's future. Opinion polls after Mr Botero's allegations gave the former minister the benefit of the doubt - most of those interviewed believe Mr Samper knew about drug contributions to the campaign and is covering up.

Protesting students marched to the presidential palace on Tuesday, demanding Mr Samper's resignation and further demonstrations are planned. *Sarita Kendall, Bogotá*

## Salomon in Venezuela sell-off

The Venezuelan Investment Fund (FIV), the government body which manages the privatisation process, has chosen Salomon Brothers to handle the sale of Siderurgias del Orinoco (Sidor) and Fesivel, the state-owned steel and iron companies, respectively. Sidor's sales in 1995 totalled \$1.05bn at last year's exchange rate.

The sale is to take place before the end of this year, though it is still uncertain whether the two companies will be put on the block separately or as a single unit. Officials of the FIV, Salomon Brothers and the government are to meet next week to discuss details of the privatisation timetable and the treatment of outstanding company debt. The sale of Sidor and Fesivel is part of a package of 24 state enterprises to be privatised by early 1997, which could raise as much as \$2.5bn, according to government estimates. *Raymond Collis, Caracas*

## India, Brazil discuss N-accord

India and Brazil will work together to develop nuclear technology for peaceful uses, Brazilian President Fernando Henrique Cardoso said yesterday. Mr Cardoso made his remarks to reporters after his arrival in New Delhi at the start of a four-day visit, the first by a Brazilian head of state.

Brazil has one of the world's largest reserves of thorium, a radioactive chemical from which fuel for reactors can be made. It is interested in Indian advances in processing thorium. Both countries have nuclear power programmes and have not signed the Nuclear Non-Proliferation Treaty, which calls for international inspection of power plants. India conducted an underground nuclear test in 1974. Co-operation would not extend to military uses of the atom, Mr Cardoso said. *AP, New Delhi*

## Argentines protest at Madonna

Anti-Madonna protests in Argentina may force the makers of "Evita" to shoot more of the film in Hungary than they had planned, the Budapest daily Kurir said yesterday.

The US singer, who stars in the \$60m film, has been the target of a hate campaign in Buenos Aires, where many Argentines believe she will cheapen the image of Eva Per6n. Madonna arrived in Argentina to start filming on Saturday and has been doing her best to persuade the country she will not besmirch the memory of Eva Per6n, but a television poll on Monday showed she is still unwelcome.

Eva, known as Evita, was the second wife of populist president Juan Per6n, who ruled Argentina from 1946 to 1955 and from 1973 to 1974. *Reuter, Budapest*

# US seeks to scupper EU-Russia N-deal

By Ashish Melewi in Washington

US officials say they are working to prevent an imminent nuclear transaction between Russia and the European Union that would in their view undermine two pillars of Washington's non-proliferation policy.

Kuratom, the nuclear agency of the European Union, is nearing agreement with Russia to purchase bomb-grade, highly enriched uranium for use in European nuclear research reactors.

US officials said the deal

would contravene their five-year-old effort to keep Russian bomb-grade uranium out of the international market. The transaction would also threaten the demise of a US-led international effort to wipe out civilian commercial traffic in bomb-grade uranium, they added.

"We feel that the deal would set an unfortunate precedent," a senior state department official said.

Washington is reluctant to pick a fight with Moscow on this issue, particularly with the recent bitter dispute over Russian nuclear sales to Iran

still ranking both sides. But US vice-president Al Gore will broach the subject with Mr Victor Chernomyrdin, the Russian prime minister, this month.

Since 1978, the international community broadly agreed to reduce the use of bomb-grade uranium in research reactors because of the security risks involved.

The US encouraged the Europeans to switch to low-enriched uranium reactors, by offering to dispose of spent fuel and threatening to cut off the supply of bomb-grade uranium unless the change

was made or pledged in the future.

# UN's peacekeepers live to fight another day

Despite the Bosnian fiasco and a deep financial crisis, the role of the blue berets around the world is far from over

UN peacekeeping, an activity whose reputation has soared and plunged over the past five years with bewildering speed, has survived the torrent of abuse which followed the collapse of its mission in Bosnia.



A Norwegian UN medic helps evacuate a Bosnian child

But financial pressures, and the deep scepticism of the US Congress, loom over the peacekeeping operations.

As the world body enters its 51st year, more than 30,000 blue helmets are at work in 15 trouble spots, ranging from the green line in Cyprus, to Angola where 8,500 UN soldiers are trying to bring 20 years of civil war to an end.

There is little prospect that UN peacekeeping will ever again match the zenith of influence it attained in 1994, when the number of peacekeepers exceeded 70,000, and an over-ambitious effort to quell the warlords of Somalia was still in progress.

But predictions of the imminent death of peacekeeping, widely heard last autumn when the mission to Bosnia collapsed, have proved - so far - to be exaggerated.

In recent weeks, Haiti's President-elect Rene Preval has asked the 5,500-strong UN force in his country, whose mandate expires on February 29, to extend its stay by six months.

A looming ethnic crisis in Burundi - and the danger of a bloodbath on a scale similar to that suffered by neighbouring Rwanda in 1994 - have forced the Security Council to consider urgently the drawing up of a rapid reaction force.

Even in former Yugoslavia, where the UN's behaviour was widely denounced as a byword

for indecision and muddle, the blue helmets have been given a small new lease of life.

The UN has also been entrusted with the deployment in Bosnia of a 1,700-strong international police force, and the monitoring of a Serb-Croat ceasefire in the sensitive area of Prevlaka.

Mr Mats Berdal, an expert on peacekeeping at the International Institute of Strategic Studies, thinks the blue helmets will retain a wide variety of roles - going far beyond the policing of ceasefire lines - in the post-Bosnian world. These jobs will include election monitoring - an area where the UN has a good track record in central America and Africa; the demobilisation of guerrilla forces, which the UN managed well in Namibia; and even forming provisional administrations, as in Cambodia.

The prospect of new responsibilities has secured a stay of execution for a peacekeeping department where the UN's financial manager, Mr Joseph

Connor, had threatened swingeing cuts late last year.

Mr Connor initially announced that all short-term contracts would be allowed to expire, and the New York staff of 300 would be halved. Now these moves have been put on hold till the end of March.

The peacekeeping department's ultimate fate may depend in large measure on the influence of Ms Madeleine Albright, the US ambassador to the UN. She is currently on a five-nation tour of Africa that underlines her government's interest in mitigating intractable conflicts, even in areas where the US has no

## United Nations peacekeeping operations



strategic interest.

But the administration's hopes of using financial pressure to force a slimmer and more efficient UN into existence have been dashed by the budget battle with Congress.

Mr Connor admitted this week the UN was "heading for brink" in financial terms, as arrears on the regular budget top \$1.6bn and arrears on the separate peacekeeping account exceed \$1.7bn. He declined comment on suggestions that huge staff cuts were being prepared. European diplomats have been astonished by the intensity of anti-UN feeling in the US Congress: one

ambassador who went to Capitol Hill recently to complain about US arrears was abruptly told by a Senator to stop wasting his breath.

The denunciation of the UN's role in ex-Yugoslavia will rise to a new crescendo today with the publication of a collection of essays by more than 20 writers detailing the failure of peacekeeping's most ambitious project. Singled out for opprobrium is the UN's failure to protect the six Bosnian strongholds which were designated as "safe areas" by the Security Council in 1993 - including Srebrenica and Zepa, whose fall last summer led to

## A court martial yesterday

convicted a US Army medic of disobeying a lawful order because he refused to wear a United Nations beret and shoulder patch for a peacekeeping mission in Macedonia, AP reports from Würzburg, Germany.

Private Michael New, 22, of Comroe, Texas, said he could not wear the UN uniform because he had sworn allegiance to the US constitution, not the UN charter. He faces up to six months' incarceration, dishonourable discharge and loss of pay.

Mr New's case has attracted notice in the US from conservatives. Mr Bob Dole, US Senate majority leader, has joined 100 other Congressmen in introducing legislation to order an American armed services member to wear UN insignia.

## ghastly massacres.

"In Sarajevo, the UN were the gatekeepers of the Serb siege," write Lee Bryant and Tihomir Loza in one essay. They blame the UN's military commanders, and the mission's civilian boss Mr Yasushi Akashi, for fraternising amiably with Serb leaders while snubbing the Bosnian government's cries for help.

But as several contributors acknowledge, the root of the problem lay not so much in the UN's failings as an institution, but in the conflicting agendas followed by the individual nations involved.

At one extreme, a Russian UN officer in Croatia made no secret of his sympathies, saying that "if Orthodox Serbia is destroyed, Russia will be next in line." At another, the US appears to have ensured the UN's disgrace in July 1993 by keeping to itself the information that a Serb attack on Srebrenica was imminent. Sir David Hannay, until recently UN ambassador to the UN, has argued that the world community's ability to handle crises in Africa and Asia could be fatally damaged if too much is read into the Bosnia debacle.

"Every time the UN becomes a scapegoat, or is treated as some amorphous and disembodied entity whose activities can be disavowed, the task of rallying political and material backing for the UN is made more difficult," he writes in the forthcoming issue of Prospect magazine.

**Bruce Clark and Michael Littlejohns**

# Egypt's Copts link with Moslems

By James Whittington in Cairo

A group of young fundamentalists from Egypt's banned Moslem Brotherhood has joined forces with like-minded members of the Coptic community to form a new centrist political party called Al-Wasat.

Attempts in the past to register Islamic or Christian parties have been scuppered by President Hosni Mubarak's insistence that religious parties are not allowed.

"The big problem in Egypt today is that there are large numbers of people who are not represented. The events and repression of 1985 which culminated in the (parliamentary) elections made it imperative to have such a party as ours," Mr Abul Ella Madi, the Islamist leader of the new party, said yesterday. The party has yet to receive final approval from the authorities.

"Our party believes in moderation and dialogue. We are young and ready to play a role in political life and we will show how this can work by committed Moslems and Christians working alongside each other," said one of the party's founding Copts, Mr Rafiq Habib, who is the son of the leader of Egypt's Coptic Evangelical Church.

The Moslem Brothers and the Copts were especially aggrieved by November's widely discredited elections which were overwhelmingly won by the ruling National Democratic Party.

The Copts were upset by Mr Mubarak's statement that he could not find anyone from the minority good enough to stand as a candidate for the NDP. The Moslem Brothers meanwhile suffered widespread government repression during the election campaign. In the run-up to the poll hundreds of arrests were made, its headquarters were closed down, and some of its best candidates were jailed on conspiracy charges by a military court.

The militant Islamic group *Gamma al-Islamiya* has targeted Copts in recent years.

# Growth in world's manufacturing output slows

By Eric Frey in Vienna

Worldwide manufacturing output growth slowed to 3.2 per cent last year from 4.4 per cent because of weaker expansion in industrialised countries, according to a report by the United Nations Industrial Development Organisation (UNIDO).

But manufacturing growth in the developing world remained strong at 5.4 per

cent, more than twice the rate of the developed market economies, the report said.

The pace was set by a rapid expansion in East and South-East Asia, while Africa, West Asia and Latin America continued to lag behind.

"The Industrial Development Global Report 1995", presented yesterday by Mr Mauricio Maria y Campos, UNIDO general secretary, also shows that industrial output continues to

drive the economic expansion in most developing nations, but fell behind GDP growth in the Western Europe and North America.

"Industrial development still remains the quickest, surest and, for many developing countries, the sole means of achieving social transfers and escaping from poverty," said Mr Maria y Campos at a press conference in Vienna yesterday, where he presented the report.

Trade liberalisation and structural reform remain the key to faster industrial growth, he said. Industrial output growth in the developed market economies slowed from 4.2 per cent in 1994 to 2.4 per cent in 1995. In the developing world, excluding China, growth edged up from 5.3 per cent to 5.4 per cent, the report said.

In East and South East Asia, growth jumped from 9.5 per cent from 8.1 per cent. In

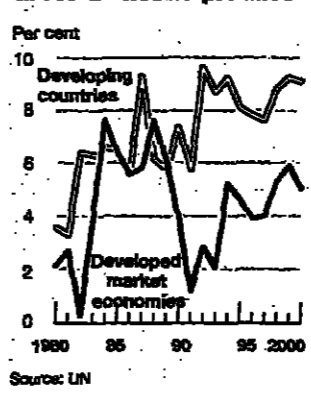
China, industrial output expanded 14 per cent last year, down from 15.8 per cent in 1994 and 20 per cent in 1993, but it still exceeded the rates of all other leading countries.

Manufacturing output in Eastern Europe continued to contract by 8.5 per cent. UNIDO predicted a stabilisation in the next two years. Output in Poland, Hungary, the Czech Republic and Slovakia all posted healthy

growth rates last year.

UNIDO has given its annual industrial development report a facelift and is trying to make the study as well known as similar documents published by the World Bank and the United Nations Development Programme (UNDP). The publicity campaign comes as UNIDO has just lost its biggest contributor, the US, and is forced to cut its budget and staff by 25 per cent this year.

## Gross domestic product



# China to face new US stick on disc pirates

By Guy de Jonghues in London and Tony Walker in Beijing

The US has revived its threat to impose punitive sanctions on Chinese exports, if Beijing does not take more effective action to stamp out rampant copyright violations.

The US says China has failed to live up to a bilateral accord designed to stop piracy of compact discs and computer software, and has been reluctant to uphold market access agreements for information and entertainment products.

The accord was signed almost a year ago, after Washington threatened China with trade sanctions of \$1bn. Mr Mickey Kantor, the US trade representative, has recently said Beijing may face even stiffer penalties if it does not meet its commitments soon.

China agreed to the creation of task forces with wide-ranging powers to end intellectual property rights abuses, to launch a six-month blitz against pirate factories, and to strengthen customs procedures to prevent the export of pirated items.

However, the US says as many as 33 pirate software and CD plants are now operating, up from 25 before the agreement. "They've never really closed the factories down. They are spewing out the same amount of pirated items, if not more," said a US official in Beijing.

Mr Kantor is said not to have communicated the latest threat of sanctions formally to Beijing, nor to have set a deadline for meeting his demands. However, US officials say they plan to review the bilateral agreement in detail before its first anniversary on February 26.

Mr Lee Sands, a senior trade official, is due to renew pressure on Beijing when he goes there early next month. He is also expected to complain about China's failure to honour an agreement on maritime cargo handling, and its alleged violation of limits on its textiles exports to the US.

The renewed tensions coincide with signs that the Clinton administration is intensively re-examining its relations with China. These have been relatively calm since the autumn, when both sides sought to mend fences after angry disagreements over human rights.

However, concern is growing in Washington at the rapid increase in the US bilateral trade deficit with China, which is expected to approach \$30bn this year. Some members of Congress are urging the administration to take a tough line on the issue with Beijing.

Continued growth of the deficit could make it harder for the administration to persuade Congress to renew China's Most Favoured Nation trade status, which expires in June.

Mr Kantor has also indicated that failure to resolve bilateral disagreements could adversely affect US attitudes to China's negotiations to join the World Trade Organisation. These resumed last year, after China announced plans to reduce its trade barriers and to strengthen customs procedures to prevent the export of pirated items.

Mr Dan Glickman, US agriculture secretary, will tackle Chinese authorities about a problem which has limited US wheat sales to China for more than 20 years, Reuters adds.

Mr Glickman, in China next week on a visit, will raise concerns over Beijing's ban on wheat shipments from the Pacific northwest. The US agriculture and wheat industry maintain that because of the ban, the US misses out on up to 1m tonnes of extra wheat sales to China each year. US producers say the ban, based on China's refusal to accept wheat carrying spores of a fungus called *Tilletia controversa* kuhnii or TCK, has no scientific basis.

# Congested South Africa looks to develop port of Maputo

By Roger Matthews in Johannesburg

South Africa and Mozambique are preparing to launch their biggest joint economic development project since relations were fully restored between the two following the election of President Nelson Mandela and the African National Congress in April 1994.

Ministers and officials from both countries are well advanced in planning a development corridor which will link South Africa's Gauteng and Mpumalanga provinces with Mozambique's capital, province and port of Maputo.

A delegation from Mozambique recently held detailed talks in Pretoria and the project is expected to be formally launched in May when a two-day conference will be held in Maputo with the aim of identifying more than 50 investment opportunities for local and international companies.

With the South African ports of Durban and Cape Town already suffering congestion caused by the surge in trade over the past 18 months, officials in Pretoria see Maputo as the natural outlet for exports stemming from the industrial heartland of Gauteng, which includes the greater Johannesburg area.

Maputo is particularly well placed to serve southern Africa's fast-growing trade with India whose appetite for fertilisers and phosphates has led to inquiries about establishing a processing plant close to the port.

Work is already under way in Maputo to improve port facilities where several wharves have recently been privatised. Considerable dredging operations will be required to allow vessels larger than the current limit of 30,000 tonnes to enter the port and new channels will probably have to be cut.

The South African end of the Maputo corridor will be at the town of Witbank, one of its fastest growing industrial regions, with a spur to Phalaborwa in the Northern Province which has plentiful phosphates deposits. Witbank's good infrastructure links with Gauteng province provide a natural extension of the corridor.

The immediate aim is to build a new joint venture toll road from Witbank, via the town of Nelspruit, to Maputo with a single stop at the border

# Child labour row hits rug exports

By Farhan Bokhari in Islamabad

Pakistani carpet exports suffered a sharp fall in the six months to December amid growing controversy over the use of child labour.

Revenues were \$46.5m, down from \$97.1m a year earlier. One leading businessman said last night: "The carpet business is faced with growing losses and

future prospects look bleak." The killing last year of Mr Iqbal Masih, a children's rights activist, prompted international condemnation of labour practices in Pakistan where millions of children are forced to work from an early age. Human rights groups said Mr Masih may have been a victim of carpet factory owners.

Mr Masih had campaigned against the abuses of children in the carpet industry. The uproar over his death was followed by demands from western importers that Pakistani carpets be certified to ensure child labour is not used. In addition, many western buyers cancelled carpet orders in protest. The country's Export Promotion Bureau has been taking steps to set up a certification system for carpet exporters with international help.

Growing competition from China, India and Iran and rising production costs have not helped. The Pakistani government has tried to assure western governments that it would set up to reduce child labour in carpet factories. However, independent experts say that in a country with many such labourers, it may be a long time before the government's intentions bear fruit.

South Africa is also under way. Apart from stimulating industrial and agricultural development along the corridor, officials also see great benefits for tourism. Before 1975, when Maputo was known as Lourenco Marques, that area of Mozambique was one of South Africa's favourite holiday destinations, drawing up to 300,000 visitors a year.

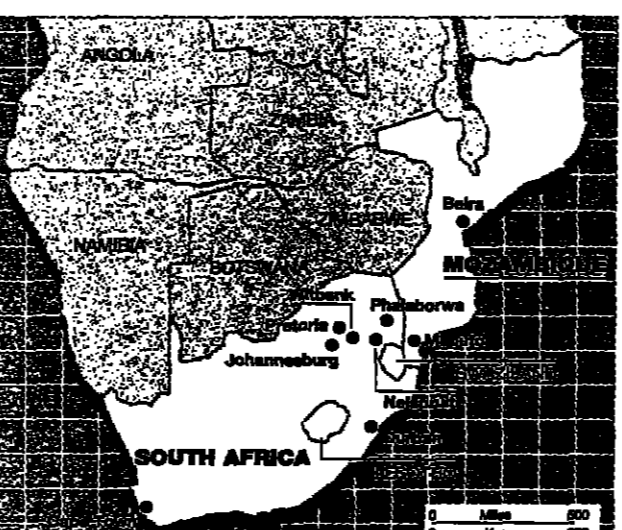
With well over 100 kilometres of currently inaccessible beaches stretching north from Maputo, the development potential is considerable, and officials from both countries have also been discussing linking game parks either side of the frontier to provide what has been described as "surf and turf" holidays.

Dr Paul Jourdan, the special adviser to Mr Trevor Mamel, South Africa's minister of trade and industry, said the great attraction of the Maputo corridor was that it was not forced. "It is an entirely natural and logical development and will help both countries economically. It will stimulate development and jobs."

Funding issues are still being discussed, but Dr Jourdan emphasised that the meeting in Maputo would not be a donor conference. "It will be all about making money," he said. However donor assistance may be sought for some of the more marginal projects along the corridor.

South Africa is also anxious to stimulate economic growth in Mozambique as the most effective long-term answer to the large number of migrants who continue to cross the border illegally in search of work.

## NEWS: WORLD TRADE



which will incorporate customs, passport control and the payment of road tolls. Witbank will in turn be linked to "feeder corridors", such as the spur to Phalaborwa.

It is expected that the new company to build the toll road will eventually be floated on the Johannesburg stock exchange, and the work could get under way soon. Once completed it would substantially cut journey times between the two capitals.

Spoornet, the South African rail operator, has also been holding talks with CEM of Mozambique on upgrading the track between the border and Maputo port, and the construction of additional sidings.

The installation of a new digital microwave telecommunications system between Mozambique and

## WORLD TRADE NEWS DIGEST

# Ford plans Thai parts factory

Ford yesterday announced \$3m worth of investments in Thailand, primarily to supply parts to the pick-up truck assembly plant the US company plans to build with its joint-venture partner Mazda of Japan. Investments will include a \$30m facility to produce plastic, electronic and electrical components and a \$23m plant to produce radiators and air conditioners. The latter is an investment of Halla Climate Control, a Korean-based joint-venture between Ford and Mando Machinery.

The two plants will supply the new Ford-Mazda facility, projected to produce 135,000 pick-ups a year from 1998, and to a small Hyundai assembly plant in Thailand. Halla and Hyundai are affiliated through family ties. Ford executives said they expected to compete with other parts manufacturers in Thailand.

**Ted Barack, Bangkok**

# Global information standards

The urgent need for worldwide technical standards to make the global information superhighway a reality was underlined yesterday at an international seminar sponsored by the three main world standards bodies. The three-day seminar aims to give new impetus to the development of standards for the global information infrastructure (GII). Mr Henry Ryan, chairman of the organising committee and a consultant with Digital Equipment in Ireland, said that without global standards the potential benefits of the GI would not be fully realised. He said work was already under way by industry on international standards for coding audio and video signals for multimedia applications. The challenge was to ensure that these applications could be run anywhere, even with borrowed equipment on dodgy telephone lines.

The Geneva meeting is sponsored by the International Organisation for Standardisation, the International Electrotechnical Commission and the International Telecommunication Union, which last year set up a joint committee on GI standards.

**Frances Williams, Geneva**

# Largest container ship launched

The A P Moller-Maersk Line yesterday launched the world's largest container carrying vessel, the *Regina Maersk*. The 6,000 TEU (standard 20-ft units) vessel will serve on Europe-Asia routes and is the first of a series of 12 sister ships being built by A P Moller's Odense Steel Shipyard. The final ship in the series is due for delivery in 1998.

The vessel can carry 700 refrigerated cargo containers, giving it 20 per cent more capacity than the largest such dedicated vessel in operation. The Maersk fleet, with a container capacity of 186,000 TEU, last year announced an operational alliance with Sea-Land, the American company, which has a carrying capacity of about 168,000 TEU. The alliance, covering most of the global services offered by the two groups, goes into operation this year.

Maersk results, see ICN **Hilary Barnes Aarhus, Jutland**

Microsoft is preparing to step up its presence in Vietnam by introducing a Vietnamese version of Windows 95 in the coming months.

**Jeremy Grant, Hanoi**

Matsushita is to set up a television factory at Pilsen in the Czech Republic to meet growing demand in eastern Europe. It will make 300,000 sets a year from April 1997.

**Reuter, Tokyo**

Bofors, the armaments unit of Celsius Industries, has won an order to supply the Brazilian navy with BILL anti-tank missiles worth \$K85m.

**APX News Stockholm**

Cargo Vessel

Bangladesh

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NEWS: ASIA-PACIFIC

ASIA-PACIFIC NEWS DIGEST

# Offer saves Vietnam assets

Vietcombank, Vietnam's largest state-owned bank, narrowly escaped having some of its overseas assets wound up at the High Court in London yesterday when Abbotsford Investments, a British Virgin Islands-registered company suing it for repayment of \$1.5m owed, accepted an offer from a third party to settle on the bank's behalf. The move will be a relief to Hanoi and to bankers involved in fragile negotiations over rescheduling roughly \$800m Vietnam owes to commercial creditors, known as the London Club.

Under a deal this month, Vietcombank will buy out its own debt through an agent - Deutsche Morgan Grenfell - bankers and lawyers say. The settlement is understood to be generous and bankers have fresh worries that the deal may encourage other non-London Club creditors to seek their own settlements from Vietcombank through the courts, complicating the London Club talks once again.

Jeremy Grant, Hanoi

## Bank deposits fall sharply

Vietnamese bank deposits have dropped sharply after the central bank cut interest rates unexpectedly in December, foreign bankers said yesterday. This is likely to be seen by the World Bank as a setback for Hanoi as it tries to mobilise domestic savings as a way of maintaining rapid economic growth. The Youth newspaper in Ho Chi Minh City reported this week that local currency deposits had fallen to 19,000bn dong (\$1.7bn) from 21,500bn dong, with locals withdrawing 2,000bn dong in the last three weeks. The rate cut was apparently ordered to reduce borrowing costs at Vietnamese companies, but a central bank stipulation that bank margins be set at a maximum of 0.35 per cent has forced deposit rates down. Bankers said many depositors were likely to have put their money back into gold.

Jeremy Grant, Hanoi

## HK may legislate on media

The Hong Kong government yesterday indicated that it would introduce legislation on foreign and cross-media ownership in spite of its decision to postpone comprehensive legislation governing the colony's broadcasting industry. Governor Chris Patten, in a letter to the Hong Kong Journalists' Association, said that the government planned to respond to a Consumer Council report on the issue within six months. The Consumer Council recommended that the government should scrap the prohibition on foreign investors owning a majority stake in a satellite broadcaster. Currently Hong Kong investors are required to own the majority in company controlling a satellite up-link.

Simon Holberton, Hong Kong

## Taiwan reconsiders art tour

Taiwan has banned 23 priceless, 1,000-year-old paintings leaving the country on a rare tour of Chinese artworks in the US, set to begin in March. After protests this month, a commission was set up to review the 475 works to be included in the tour. Protesters feared the fragile works, housed in Taipei's National Palace Museum, could be damaged. The tour is due to begin on March 12 and run for 18 months, appearing in New York, Washington, Chicago and San Francisco. The last time the National Palace Museum permitted artworks to leave the country was in 1961, when the same collection was displayed in the US. The National Palace Museum houses the world's biggest collection of Chinese art. The works were secretly brought to Taiwan by the Nationalist Chinese government before the communist takeover of mainland China in 1949.

Laura Tyson, Taipei

# Japan's trade surplus declines by 11.4%

By William Dawkins in Tokyo

A surge in imports and increase in offshore production caused Japan's trade surplus to fall by 11.4 per cent to \$107.1bn (£7.1bn) in 1995, the first drop in five years.

The decline, recorded in a preliminary report by the finance ministry yesterday, could reinforce the recent easing in trade tensions with the US and, to Japanese exporters' relief, the fall in the value of the yen. Finance ministry officials expect the trade gap to shrink further this year, helped by a reduction in barriers to imports.

In local currency, the surplus

declined by 19.3 per cent, the third year of decline, to ¥10,005bn (€33bn), said the finance ministry. That was in line with market expectations, but the dollar nevertheless strengthened in Tokyo, to end the day above ¥106.

The report came as President Bill Clinton presented last year's trade accord with Japan as an economic and foreign policy success, in his annual state of the union speech.

Japan's surplus with the US declined faster than the total, by 17 per cent to \$45.55bn, also the first drop in five years. The gap with the US was, for the third year in a row, eclipsed by Japan's trade surplus with

the rest of Asia, its fastest growing market.

The trade gap with Asia expanded nearly 15 per cent to \$70.75bn, reinforcing Tokyo officials' fears that trade tensions with their neighbours could arise just as a relative lull emerges in trade relations with the US.

Imports to Japan rose by 22.3 per cent to \$336.9bn last year, far outstripping the growth in exports, up by 12 per cent to \$443.8bn. Weaker US demand curbed foreign sales, as did the continued shift of Japanese production to cheaper locations in Asia, suggesting that part of the decline in the surplus will be permanent.

Imports were helped by the yen's strength in the first eight months of the year and by a change in the structure of Japan's foreign purchases, from materials towards finished goods. Last year, finished goods - many from Japanese factories abroad - accounted for a record 59 per cent of imports, up by four percentage points from 1994.

Within this, imports of computers and other office equipment led the way, up by nearly three quarters, while Japan's purchases of semiconductors rose by two thirds.

Car imports, the subject of a market access accord with the US in

June, were up by 41 per cent. In the short term, the rise in imports are expected to constrain Japan's economic growth. But in the long run, this will help growth by encouraging hitherto sheltered companies to become more efficient, argue economists in Tokyo.

The finance ministry also yesterday released trade data for December, when the surplus fell by 16 per cent to \$10.9bn, just under the average market estimate.

Separately, sales by department stores fell by 2.1 per cent last year, the fourth year of decline, according to industry figures released yesterday.

# Employers seek deal that worried Germans

Scepticism over agreeing on jobs and pay perplexes Japanese boardrooms, William Dawkins reports

German employers' resistance to union demands for more jobs in return for wage restraint, the subject of a hard-fought compromise yesterday, has evoked puzzlement in boardrooms in Tokyo.

Japanese industrial employers, for all their other similarities with Germany's, have asked their workers to accept a deal very similar to the one that many German managers have been very sceptical of.

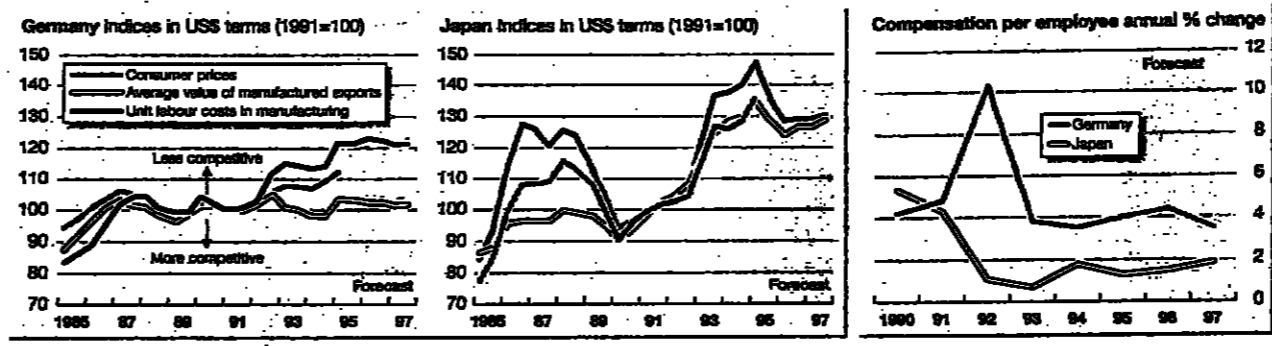
Mr Jiro Nemoto, president of the Nikkeiren employers' federation, last week called for a general wage freeze, albeit unpopular with some of his corporate members, in his opening shot for the start of Japan's annual shunto wage bargaining round. The proposed counterpart would be an increase in recruitment by the most profitable companies.

The difference between German and Japanese labour negotiations goes further. Japanese labour unions, far from negotiating on the Nikkeiren offer of a trade-off between jobs and pay, spurned it. Instead, Japan's Rengo union confederation is calling for a straight 4.4 per cent rise in 1996, which it argues is the reward for the first significant corporate profit recovery in five years.

Rengo's demand comes despite the fact that by some measures, Japan's rising unemployment is at least three quarters as high as Germany's.

Officially, Japan's unemployment rate is a record 3.4 per cent, against Germany's 9.9 per

Germany and Japan compared: relative competitive positions



cent. But that is on a uniquely lax criterion, under which a Japanese who works for an hour a week counts as employed. A better guide to the Japanese labour market is the number of jobs available per 100 applicants, which has

fallen from 140 to 63 over the past five years. The difference between labour negotiations in Germany and Japan may be explained by the shame that befalls any leading Japanese employer which makes redundancies. Japanese workers' wage claims are reinforced by their belief, which could yet be

shaken, that employers will continue their present gentle job attrition rather than seek US-style mass cuts to which some German employers have recently resorted.

But under that difference, Japanese and German employers share a vital concern in their wage and job talks. They are both striving to keep international competitiveness, threatened by their strong currencies and rising labour costs.

Revealingly, Mr Masami Iwasaki, head of the Japan Automobile Manufacturers Association, reminded Rengo that wages should be a function of productivity. That concern would have been seen as of secondary importance as little as five years ago, when Japanese manufacturers were still increasing their shares of most leading export markets.

Japan's spring wage round is only a rough guide to labour

costs and competitiveness. Wages represented at the latest count in 1994 just over two-thirds of total pay, semi-annual bonuses about a quarter and the remaining 5 per cent coming from overtime.

Thus, Japanese employers have more scope than German ones, with smaller bonuses, to adjust total compensation. They have made full use of this flexibility. Japanese workers' total take-home pay has risen more slowly than wages in each of the past five years, up by an estimated 1.7 per cent in 1995, in local currency, after an already record low shunto settlement of 2.8 per cent.

In dollar terms, Japan's labour costs have risen faster than its main competitors' since the turn of the decade, a consequence of the yen's 30 per cent rise against the US currency over that period.

Its unit labour costs have

risen 41 per cent in dollars since 1991, nearly twice as fast as Germany's, while US labour costs have fallen 10 per cent, the Organisation for Economic Co-operation and Development estimates.

Overall, Japan's competitive

position against the OECD average has declined 30-40 per cent in this period, Mr Russell Jones, senior economist at Lehman Brothers, said. So it is easy to see why Japanese unions' demand for the rewards of recovery may be met this year by firmer than usual resistance from employers.

Nobody, and that includes

leading employers such as Toyota and Honda, believes there really will be a wage freeze in 1996, or even that a freeze would be desirable when companies are looking for an economic recovery led by domestic demand, to compensate for weak export markets. The Nikkeiren's demand for a freeze is part ritual, as it was in each of the past three years.

The final settlement, due in late March, should end up close to last year's, most analysts say. That, helped by the yen's decline since last August, should help narrow the productivity gap, assuming, as do most economists, that the yen will stabilise at this level or even fall further.

If so, this shunto could mark a turning point, at which Japan starts to regain some of that lost competitiveness. The OECD, for one, believes it will. It has forecast a 9 per cent fall in Japanese unit labour costs, in dollar terms, this year, when it expects German costs to rise slightly.

Many forecasters expect unemployment to rise as Japanese companies continue to sharpen competitiveness by freezing recruitment, encouraging early retirement and shifting production abroad.

It may not be many years before Japanese unions may feel worried enough to follow the example of their German counterparts and seek something akin to a jobs-for-pay restraint accord. By then, Japanese employers may be confident enough to refuse.

## A Japanese who works an hour a week counts as employed

more than halved from 140 to 63 over the past five years. The difference between labour negotiations in Germany and Japan may be explained by the shame that befalls any leading Japanese employer which makes redundancies. Japanese workers' wage claims are reinforced by their belief, which could yet be

## Union demands may now be met by firmer than usual resistance

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Nobody, and that includes

## Homeless fight eviction from Tokyo shacks

Tokyo's homeless clashed with police yesterday (pictured left) as the municipal government evicted them from cardboard shacks which line an underground passageway a few yards from its main offices. Emiko Terazono writes from Tokyo. City authorities, have announced plans to build a 200-metre moving walkway along the route. Critics question the viability of the ¥1.3bn (£8.1m) project at times of tight finances for the municipality.

Picture by AP

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# Australian inflation exceeds target band

Australia's underlying annual inflation rate edged further outside the desired 3-3 per cent band during the December quarter, with the "headline" rate remaining at 5.1 per cent, Nikki Tait writes from Sydney. The underlying consumer price index, designed to strip out one-off factors, rose 0.7 per cent in the final quarter of 1995. On a year-to-year basis, it shows a rise of 3.2 per cent, up from 3.1 per cent in the previous quarter.

The data was very close to market expectations; some analysts noted the rise

in the underlying CPI during the December quarter was lower than recorded in the two previous quarters. Accordingly, while the March 1996 quarter is expected to show a further rise in the annual rate, many forecasters are hopeful this will be the peak.

"Today's data provides reassurance for the view that the uptick in inflation in 1995 is not a sign Australia is on its way back to the bad old days as an inflation delinquent," Bankers' Trust Australia said.

This month, the Reserve Bank of Aus-

tralia, the central monetary authority, indicated that it views the deviation from its desired 3-3 per cent band to be temporary, and deemed the existing interest rate environment "appropriate".

This line was repeated yesterday by Mr Ralph Willis, federal treasurer. "Today's CPI figures provide clear evidence the headline rate has peaked and will fall substantially next quarter, while the prospect of the underlying rate moving back below 3 per cent next financial year has been considerably improved," he said.

# 'Threat' prompts Taiwan jitters

By Laura Tyson in Taipei

A Taiwanese official yesterday appealed for calm after a report, later denied, that Beijing had a scheme to attack Taiwan, sent jitters through financial markets. "We have sufficient forces to protect ourselves and people should not scare themselves," said Mr Chan Chih-hung, a director at the cabinet's Mainland Affairs Council.

The New York Times claimed yesterday China had drawn up plans to use military force against Taiwan following the island's presidential elections on March 23, the first in its history.

Foreign exchange markets in Taipei and Tokyo saw hectic trade in the afternoon, and the Taiwan dollar dipped against the US dollar.

Mr Chan asserted Taiwan was not seeking independence, as feared by Beijing, and the elections were not aimed at splitting Taiwan and China apart. China's foreign ministry later called

the report "totally groundless".

Mr Chas Freeman, US defence secretary, was quoted as saying the behaviour of Taiwanese President Lee Teng-hui "in the weeks following his re-election will determine whether Beijing's Communist party leaders feel they must act 'by direct military means' to change his behaviour. The incumbent president is expected to win the polls.

"Whether or not this report is true, China has frequently threatened Taiwan with military force," said Ms Yang Maysing, director of foreign affairs for the opposition Democratic Progressive party. "It is important for foreign countries to send a strong signal to China that this sort of behaviour is unacceptable."

A senior US official was quoted by the New York Times as saying the Clinton administration had "no independent confirmation or even credible evidence" that Beijing was considering an attack.

Beijing regards Taiwan as a rebel province.

**CONTRACTS & TENDERS**

**SPILSBY AND DISTRICT, SOUTH LINCOLNSHIRE**

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**COMMUNITY CLINIC FACILITIES**

Proposals are sought from the private or voluntary sector, or from charitable or grant aided sources, to provide permanent NHS community based outpatient clinic accommodation for the people of Spilsby and the surrounding area.

As part of the closure programme of local hospital facilities, there is a need to strengthen the community and primary health care services based in Spilsby. Purpose designed accommodation is required to house a range of services including physiotherapy, chiropody, speech and language therapy, consulting rooms and day care.

The trust is seeking innovative schemes which, in meeting the brief, avoid or minimise the use of public funds for the resulting capital project and which optimises the use of land associated with the hospital closures which is surplus to the requirements of the NHS. The local community served by the Trust is fully involved in the planning process and have canvassed interest from health care providers for services beyond the Trust's brief, which might be included in a large PFI scheme.

Expressions of interest are welcomed from organisations with a track record in providing health care facilities and a commitment to the PFI/NHS Capital Investment Manual requirements. Please write or telephone for an application document (questionnaire) at the address below:

Director of Estates, Mr M Foreman  
 South Lincolnshire Community and Mental Health Services NHS Headquarters  
 Orchard House, Rancby Hospital  
 Stamford, Lincs, NG34 8PP  
 Tel: (01529) 416007

The closing date for receipt of completed questionnaires is Monday 12 February 1996.

# Union calls off dispute at GM factories

By Andrew Bolger, Employment Correspondent

A pay dispute at the Vauxhall offshoot of General Motors ended yesterday after workers voted to accept the offer from the company. Members of the Transport and General Workers' Union at factories in Luton to the north of London and Ellesmere Port in north-west England rejected the proposed three-year deal by 1,850 to 1,520 votes. The union said the majority was too slim for it to launch a campaign of industrial action.

General Motors has hired a British firm of management consultants to work on improving the quality of almost 10 per cent of its 1,500 component suppliers across Europe, *Peter Marsh writes*. GM spends about £3.5bn (\$5.3bn) a year on buying components from European suppliers.

Peter Chadwick, a 200-person consultancy based in the UK and with offices throughout Europe, is being paid to evaluate about 140 suppliers considered by GM

to be below standard. Names have not been disclosed to suppliers on GM's list of component quality and delivery times is considered unacceptably low. Mr Dick Patrick, purchasing director at Vauxhall, GM's British subsidiary, said companies on the list were spread across Europe and represented a range of component sectors.

GM is following a growing trend among carmakers by insisting that all of its 1,500 suppliers in Europe meet a new technical

standard called QS-9,000 and devised jointly in the US by GM, Ford and Chrysler. GM expects the standard to be met in two years. But GM's move is considered unusual because most carmakers prefer to use their own staff in the sensitive area of supplier reliability.

The standard is considered as setting a new set of benchmarks over quality for supplier companies. The first GM supplier to win accreditation is Dunlop-Topy Wheels, a subsidiary of BTR.

(£12.6m) and will be used as a war chest for the second phase. The push during the late 1990s and early 1990s for a shorter working week was one of the most successful of recent union campaigns. By 1993 more than 1m employees in 1,800 companies had achieved a cut from 39 hours to 37.

However, there has been no concession on working hours at Ford factories in Britain, where next week 22,000 manual workers will be balloted on strike action over the company's "final" offer of 9.3 per cent over two years.

## Brokers heavily fined by regulator

By John Gapper, Banking Editor

Pannure Gordon, the brokerage firm owned by Nations-Bank of the US, has been fined £50,000 (\$75,200) and severely reprimanded for its failure to prevent a 27-year-old employee stealing more than £3m from one of its customers.

The fine, among the largest imposed by the Securities and Futures Authority, the City of London regulator, was disclosed after Mr Jeremy Gray, a former assistant fund manager at Pannure, was jailed for six years for theft and false accounting.

Mr Gray was said in court last October to have stolen more than £3m from the British Heart Foundation, as well as £25,000 of bonds belonging to his father, after falling in with a criminal ring of homosexuals based in Amsterdam.

## Northern Ireland Report from Mitchell's weapons commission reinforces party divisions Politicians hope to win a new assembly

By John Kampfer, Chief Political Correspondent

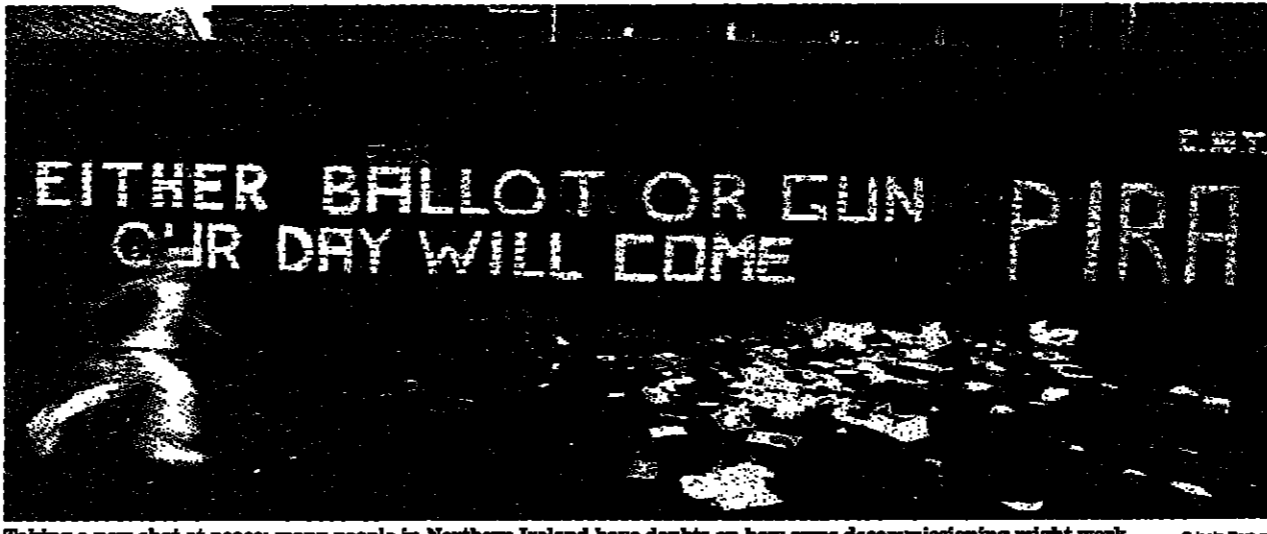
Despite its suggestion that the British drop their position on disarming the IRA, the Mitchell commission's report on Northern Ireland received a surprising, if guarded, welcome at Westminster.

Conservatives and unionists did not hide their disappointment at the international body's conclusion that there is no point in insisting on "decommissioning" ahead of all-party talks. But much of that concern was allayed a few hours later by the announcement from Mr John Major, the prime minister, that he was looking for urgent legislation establishing elections to a new convention for the province.

"This report does not offer to any single party connected to these negotiations everything that they might have wished," said Mr Major. "There is something in this report which is uncomfortable for every party to this negotiation."

Mr Dick Spring, deputy prime minister of the Republic of Ireland, said the six principles setting democratic intent - one of the main points of the report - provided "a stringent and challenging test" for all parties. He said it was the "firm aim" of both governments that talks should start by the end of February.

Mr Gerry Adams, president of Sinn Féin, the political wing of the IRA, praised Mr Mitchell for not backing the British arms conditions. But he did not give an explicit endorsement of the six principles.



Taking a new shot at peace: many people in Northern Ireland have doubts on how arms decommissioning might work

A group of "veteran republicans" was last night being questioned about the murders of people who vanished in Northern Ireland over 25 years ago, *PA News reports from Belfast*. The search for the region's "disappeared" took a new twist when a special police squad started a series of raids in republican west Belfast and arrested five men. The men, middle-

aged and described as "veteran republicans" by security sources, were being questioned in the city. A police spokesman said the arrests were part of "investigations into claims that terrorist murder victims may have been secretly buried. The arrests were carried out under the Prevention of Terrorism Act," he added. "The majority of

cases under investigation date back to the 1970s, between 12 and 20 disappeared after they were snatched by republican gangs and are believed by their relatives to have been murdered and buried in unmarked graves in the countryside around Belfast.

shifted that stand, by using a fallback position outlined by Sir Patrick Mayhew, chief Northern Ireland minister in the British government, several months ago. Sir Patrick said that while policy was guided by the same principle on arms, practice might change if other confidence-building measures could be identified.

Since then both the Ulster Unionists, the province's largest pro-British party, and the more hardline Democratic Unionists, have submitted proposals for an assembly or convention. Such a forum would have a limited lifespan and would be charged with negoti-

ating a new constitutional arrangement. Mr Major said Sinn Féin and the other parties now had "two routes to all-party negotiations and to decommissioning. The choice between them is ultimately for the parties themselves". He received the full support of Mr Tony Blair, Labour party leader, who underlined his bipartisan approach to the conflict.

Mr John Hume, leader of the nationalist Social and Democratic Labour Party, said Mr Mitchell had shown the way forward. Mr Hume infuriated Tories by calling on the prime minister to set an immediate date for all-party talks, "rather

than the 17 months you have wasted up until now". Mr David Trimble, the Ulster Unionist leader, said legislation on a convention could be carried through quickly. A target of elections in April or May was realistic.

He had been talking with other parties, including the SDLP, about the idea of an elected body and believed problems could be overcome. The SDLP's opposition to any convention rests both on principle and politics. It argues, like the Irish government, that it could turn into a repeat of the Stormont parliament of the 1970s that collapsed in disarray. The SDLP

### UK NEWS DIGEST

## Dassault drops bid to supply planes for RAF

Dassault, the French aerospace manufacturer, has withdrawn its Atlantic reconnaissance aircraft from the £2bn (\$3.02bn) competition to supply the UK with a fleet of 20 to 25 maritime patrol planes to replace the Nimrods used by the RAF since 1969. The competition is being held by the Ministry of Defence to find an aircraft for anti-submarine patrols. Dassault has removed the Atlantic from the bidding because its twin turbo-prop engine design has been strongly opposed by the RAF.

The RAF has argued that a four-engine aircraft is needed for safety and reliability reasons because patrol aircraft are required to remain over the sea a long way from their base for many hours. The Nimrod has four engines. The final choice is likely to be between two aircraft. British Aerospace has proposed a complete refurbishment of the Nimrods by replacing their wings, engines and electronics. GEC and Lockheed Martin are bidding with a version of the Lockheed Orion P3 patrol turbo-prop, used by the US, which would have avionics made by GEC of the UK. A third option of a refurbished P3, suggested by Loral, may well be dropped if the merger of Loral and Lockheed Martin goes ahead. Final decisions are expected at the ministry by July.

## Trade deficit widens

Britain recorded its biggest ever underlying trade deficit with countries outside the European Union last year as imports expanded 25 per cent faster than exports between 1994 and 1995. Excluding trade in oil and erratic items such as ships, aircraft and precious stones, the non-EU trade deficit totalled £6.5bn (\$9.8bn) last year, said the government's Central Statistical Office.

This was almost half as large again as 1994's deficit of £4.2bn and the biggest since records began. The overall trade gap including oil and erratic items was £7.5bn in 1995. This was well up on 1994's figure but 500m lower than the deficit in 1993. "Slower activity in the US has clearly had a depressing effect on exports and the worry must be that that continued weakness in Germany will push the overall deficit up sharply over the next few months," said Mr David Hillier, economist at NatWest Markets.

## Society cuts mortgage rate

Bradford & Bingley Building Society put up its defences yesterday against pressure to convert into a bank by cutting its mortgage rate by 0.25 percentage points and announcing plans to give bank profits of at least £50m (\$75.2m) a year to savers and borrowers. Building societies are mutually owned savings and loan institutions. The move could herald a mortgage price war between building societies and banks. Building societies have come under increasing pressure to demutualise and turn themselves into banks from customers who have seen the size of the bonuses paid out when societies such as Cheltenham & Gloucester gave up their mutual status. Savers at C&G were paid bonuses of up to £14,044 when the society was bought by the Lloyds bank for £1.8bn.

Mr Major said he would urgently discuss the problems with nationalist groups. But he told Mr Hume: "In a democratic system like ours, I cannot see how elections could be regarded by any of the parties as a side issue or as a block to progress."

## ID cards move abandoned

The government has in effect shelved plans to introduce compulsory identity cards, but is attempting to agree on a voluntary card scheme. Although the Home Office insisted that "all options are still open", senior officials said compulsory ID cards "could hardly be considered a front runner". The abandonment of compulsory cards follows a lukewarm response to the government's consultation paper. Baroness Blatch, a Home Office minister, told a House of Commons committee that fewer than half the respondents favoured a compulsory scheme. But some sort of ID card was favoured by more than 55 per cent. At the moment British citizens are not required to carry identity cards. Passports are required only to visit other countries.

## Queen's coin is loss-leader

The proposition seems too good to be true. Two companies are offering to sell 25 coins, to be struck by the Royal Mint to celebrate the Queen's 70th birthday in April, and legal tender in the UK, for their face value of 25p. The coins will be legal tender in the UK. Having incurred the cost of buying quarter-page advertisements in many newspapers to reach potential customers, they are also paying all postage. The coin as depicted in the advertisement is shown on the left. The companies, moreover, will not receive a discount when they buy the coins. "They will have to pay 25p for them," said the Royal Mint. The two companies are MDM the Crown Collections, a German-owned operation, and The Westminster Collection. They are using the Queen's birthday coin as a loss-leader to build up a mailing list to which they can offer higher value numismatic products. "We are sure that our investment in this PR campaign (you are right, it does cost us money) will pay off in the long run..." said Mr Niels Hagermann, MDM's marketing director.

## Survey of social trends Satisfaction with state health service still high; private medical insurance declines

# Thatcher revolution fails to dent welfare society

By Andrew Adonis, Public Policy Editor

After 17 years of Conservative government, Britain is still a welfare society, with three-quarters of all households receiving some type of social security benefit apart from free education and health. And most people appear to be proud of the fact. The dominance of the welfare state is a central theme of the annual report on social trends published yesterday by the government's Central Statistical Office.

Gambling has become the fastest area of growth in consumer spending, while boats and private aircraft sales are booming as Britain tries to cheer itself up after the recession, *our Marketing Correspondent writes*. Households set aside 42 per cent more in the past year for gambling losses, mainly because of the National Lottery, says Mintel, the market intelligence group.

In 1994, gambling losses nationally totalled £3.7bn, or 0.9 per cent of all household spending. By last year this had climbed to £5.3bn, or 1.3 per cent of spending, Mintel reports. While 66 per cent of adults gambled in 1991, the figure rose to 91 per cent last

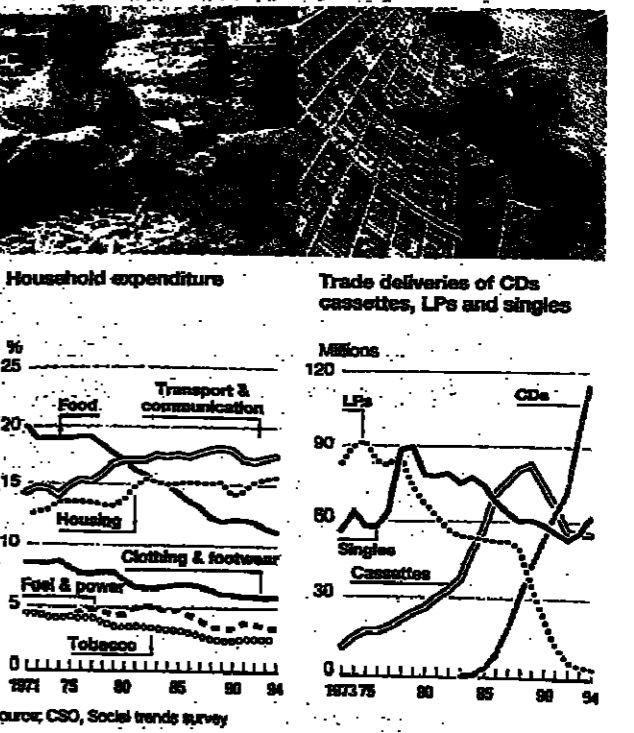
year. Mintel says increased spending on gambling "reflects a need for increased excitement and the hope of winning a fortune as a release from current financial constraints and hardship imposed by a low inflation economy and high unemployment". While the lottery has been most popular with families on tight budgets, the most affluent groups have been buying boats and planes, says the survey. Spending on these goods has risen nearly 17 per cent in the past year to £2.2bn (\$3.3bn). After expenditure on gambling and recorded music, which rose 29 per cent, spending on such items has been the third-fastest growth area.

elderly remain the largest welfare consumers, accounting for nearly half of all benefits spending last year, it is not the retired who are putting most pressure on public spending. That is coming from the sick and disabled, spending on whom nearly tripled in real terms, to £20bn (\$30.2bn),

medical insurance fell in the early 1990s to 6.5m in 1994 after a decade of sharp growth. Private provision is closely correlated with income, more than a third of households with gross annual income above £26,000 had private medical insurance in 1994. The break-up of the traditional family also features prominently. The proportion of children living in single-parent families has tripled since 1972 and now accounts for one in five of all children. However, the period of dramatic change was not the 1990s but the 1960s, when it rose from 10 per cent to 18 per cent.

Indeed, projections show it falling slightly by the turn of the century, and not rising significantly until the third decade of the next century. The well-documented decline of marriage, rise in divorce and increase in the average age of childbirth among women are graphically supported. Divorce has increased nearly sevenfold since the early 1980s, with the number of first marriages declining by nearly two-fifths over the same period. In 1994 the average age of mothers at first birth was more than 28 - up from less than 25 in 1974. The proportion of mothers in the labour market soon after giving birth has risen sharply in the past 25 years, our Employment Editor writes. In the early 1970s fewer than 10 per cent were economically active within a year of having a baby; by the end of the 1980s that figure had risen to 68 per cent. Mothers in full-time employment were more likely to be in white-collar jobs while part-timers were mostly located among sales staff and manual occupations.

### Less food and more CDs



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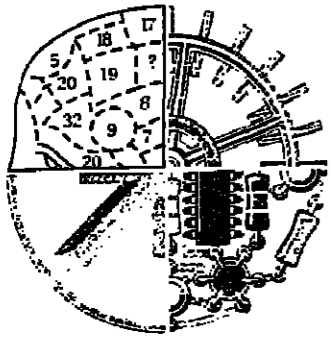
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TECHNOLOGY

Worth Watching - Vanessa Houlder



New light on sun damage to skin

US scientists believe they have found a molecular mechanism - and possible treatment - for sun-induced skin damage. Researchers at the University of Michigan Medical School found that low doses of ultraviolet-B radiation, equivalent to two or three minutes of summer sunshine, induce the body to produce several protein degrading enzymes. That may be the mechanism by which long-term exposure to sunlight slowly degrades collagen and elastin in the skin, leading to wrinkles and lost elasticity. The researchers found that the induction of these enzymes is blocked by all-trans retinoic acid, which acts by inhibiting a mediating protein. That means that retinoic acid, which is already used to repair sun-induced skin damage, might also be useful in preventing this effect. However, the side-effects of retinoic acid may make it difficult to interpret the results of long-term trials. University of Michigan Medical School, US, tel 313 747 0078, fax 313 747 0078

Potent plant-based pesticides

Two potent pesticides, extracted from a South American plant, could control a number of damaging pests that are resistant to many insecticides. The active compounds, called naphthoquinones, were isolated from the Calceolaria andina plant which grows in mountains in Chile. The researchers have produced more active synthetic analogues that use the commonly available dye henna as an intermediate. The compounds are effective against highly damaging resistant pests such as the tobacco whitefly that can transmit up to 60 viruses

and colonise 600 different crop and weed species. The project involved IACR-Rothamsted, Royal Botanic Gardens at Kew, the University of Southampton and the University of Chile-Probita. BTG, the technology transfer company, funded and co-ordinated it. BTG: UK, tel (0)171 403 6666, fax (0)171 403 7336

Phone calls at your convenience

A versatile telephone call management system that will make it easier to screen incoming calls has been developed. The TPS Personal Assistant tracks down the user with a pre-arranged schedule of the locations and times when the user will accept calls. The system records callers' names, allowing the user to decide whether to take the call, if not, or if the user is not available, the system takes a message and notifies the user by pager or e-mail. The system offers the user a single number for all telephone calls and faxes. It allows the user to store and print out incoming faxes at any location. TPS, a new company which operates in the UK and US, has signed an agreement with Cellnet which will launch the service early this year. TPS: UK, tel (0)1753 567766, fax (0)1753 567767

Measuring with a magnetic field

A non-contact measurement technique using magnetic induction has been developed by Scientific Generics, a UK technology group. Applications for the technique, which can measure lengths varying from millimetres to hundreds of metres, range from machine tool systems to light railway systems. The technique involves passing an alternating current through a conductor on a reference strip. That causes a magnetic oscillation to build up in a resonator attached to the moving object. When the current stops and the oscillation of the resonator decays, the fading magnetic field is detected by further conductors on the reference strip. Its position can then be calculated using processing electronics. Scientific Generics: UK, tel (0)1223 875200, fax (0)1223 875201

Thousands of telephone users in Japan are discovering that one handset is better than two. They are using cordless phones designed to act both as a mobile phone and a conventional fixed-line telephone in a home or office.

The principle behind these so-called dual-mode phone systems is simple: when the handset is used at home or work, it connects to the building's fixed-line telephone system, but when used outside, it links to a mobile phone network.

Telecoms operators and electronics companies are convinced that the demand for dual-mode phones will be huge, as they are simple, versatile and potentially cheaper to run. Companies marketing or promoting dual-mode phones in Japan include Panasonic, Sharp, Toshiba, Motorola, NTT and Cable and Wireless.

Meanwhile, dual-mode handsets for European markets are being developed by Siemens and Motorola, with the latter planning also to launch a system for its home US market.

In Japan, the digital Personal Handyphone System (PHS) was launched in Tokyo and Sapporo by telephone operators NTT and DDI last July and is now available in the main Japanese cities.

In a home or office, a PHS phone connects to the residential or business line via a base station, and calls are charged at the normal rate. When used outside, the PHS handset is linked to a series of miniature transmitters or cells, and can be used almost anywhere, including underground car parks and shopping malls.

The phone can be operated while the user is stationary, walking or travelling less than 30 kilometres an hour - it will not completely replace other mobile phone systems, which can be used in cars.

Even so, supporters of PHS claim it is much cheaper to run than a conventional cellular phone. For example, the monthly subscription

Demand for phones that can be used as normal or as mobiles is expected to be high, says George Cole

Two ways to ring in

for PHS is around \$37 (£17) compared with \$84 for an analogue cellular phone, and PHS call charges can be up to five times cheaper. A PHS phone can also be linked to a notebook computer or electronic organiser for transmitting data at high speed.

The lower running costs, coupled with the convenience of a multi-purpose handset and mobile data communications, have encouraged rapid growth in PHS sales. Japan is expected to have around 8m cellular phone subscribers by the middle of this year, 1m of whom are predicted to be PHS users. This latter figure is expected to grow to 3m by the middle of 1997 and reach 38m by 2010.

At last year's Japan Electronics Show, in Osaka in October, DDI was host to Communication Town, a large stand featuring PHS phones from companies such as Aiwa, Casio, JVC, Kyocera, Kenwood, Sharp, Mitsubishi, Panasonic,

Sanyo and Toshiba. Other Asian territories, including Hong Kong and Singapore, are planning to launch PHS services. China, Indonesia, Malaysia and Thailand are studying the system. In October, NTT and the UK's Cable and Wireless formed a joint venture to promote PHS outside Japan.

In the US, Motorola is planning to launch its Intelcel system. The system, which is analogue, has two parts: a special handset known as a Personal Phone Series (PPS) and a base station which is located at a home or office. The base station continuously transmits a control signal on the cellular frequency band, which tracks the handset's location.

When the PPS handset enters the coverage range of the base station it automatically registers and connects to the fixed-wire telephone network. If someone calls the cellular number, it is automatically routed along the landline to the home or office just like a normal phone. When the PPS handset is taken outside, it reverts to a mobile phone and calls are directed to the cellular phone system. The base station can also be used as a speaker phone.

Motorola is targeting Intelcel at home-workers, small businesses and consumers who like being first to

Dual-mode phones are simple, versatile and potentially cheaper to run



buy new technology. The PPS handset and base station is expected to sell initially for around \$300 to \$400.

In Europe, the new handsets will be based on a digital cordless phone system, DECT (Digital European Cordless Telephony). The dual-mode phones will enable users to link to a home or office fixed-line system and a network offering the GSM digital mobile phone standard.

However, the prospects for a combined DECT/GSM phone are uncertain. While sales of GSM phones have been high, this is not the case for DECT. The system is designed to act as a gateway to other telephone

systems, wired and cordless: it is aimed at small businesses and large offices, and can be used as a public telephone system in places such as airports or exhibition centres, where the cost of installing a fixed-line system could be prohibitive.

Supporters of DECT believe dual-mode phones will greatly improve the system's appeal. But even if DECT/GSM phones fail to make an impact at this stage, the concept of a handset that can be used both inside and outside the home is so attractive that European consumers would doubtless be offered another dual-mode system in due course.

With the advent of "secure" Internet software, cyber-shoppers can now be reasonably assured that their credit card numbers will not fall into the wrong hands. For Internet merchants, however, verifying the credit-worthiness of online customers remains a challenge.

Many retailers selling goods via the Internet still resort to old-fashioned methods to complete transactions. They ring a credit verification bureau before approving the electronic transaction.

Banks and credit card companies, similarly, often manually transfer electronic charges received via the Internet into their existing payment processing systems.

Safe cybershopping

Louise Kehoe on security for Internet credit card users

Aiming to plug this gap in Internet transaction processing and bring electronic commerce into the mainstream, Netscape Communications, an Internet software company, and VeriFone, the leading supplier of credit card verification systems, have joined forces. They plan jointly to develop software that will enable merchants, banks and credit card companies to process Internet purchases more easily. "Consumers need to know they

can safely pay for something electronically. Merchants need to know they can safely accept [the payment], and banks and other financial organisations need to be able to process it," says Hatim Tyabji, chairman and chief executive of VeriFone.

In contrast to start-up companies such as Cybercash, Digicash and First Virtual, which have created "electronic cash" and secure credit card payment systems for Internet

shoppers, Netscape and VeriFone will focus on the "back end" of Internet commerce.

The goal is to create a system for the Internet that merchants will find as easy to use as VeriFone's familiar credit card "swipers", which are used to process about two-thirds of retail credit card transactions worldwide.

Netscape and VeriFone will work with Visa, Mastercard and other credit card groups to ensure com-

patibility with existing and planned security protocols, the companies say. They aim to complete the new software by October.

The next step will be to expand the system to handle "micropayments" of just a few cents. These are expected to become common on the Internet as information services introduce charges.

The new alliance will encourage Internet shopping, industry analysts predict. Last year, an estimated 1 per cent of online users made purchases via the Internet. But market researchers at Killen & Associates, a US-based firm of analysts, predict that online commerce will soar to \$8bn (£5.1bn) by 1997 with possible sales of \$45bn by 2006.

Advertisement for Financial Times Business News. It features a large map of the United Kingdom with various radio station logos overlaid. The logos include Metro FM, Pulse, Key 103, Callaway, Piccadilly, R.A.M.E., Gem-A.M., 102.7, KL-FM 96.7, 100.7, 102.2, 103.2, 103.7, 104.2, 104.7, 105.2, 105.7, 106.2, 106.7, 107.2, 107.7, 108.2, 108.7, 109.2, 109.7, 110.2, 110.7, 111.2, 111.7, 112.2, 112.7, 113.2, 113.7, 114.2, 114.7, 115.2, 115.7, 116.2, 116.7, 117.2, 117.7, 118.2, 118.7, 119.2, 119.7, 120.2, 120.7, 121.2, 121.7, 122.2, 122.7, 123.2, 123.7, 124.2, 124.7, 125.2, 125.7, 126.2, 126.7, 127.2, 127.7, 128.2, 128.7, 129.2, 129.7, 130.2, 130.7, 131.2, 131.7, 132.2, 132.7, 133.2, 133.7, 134.2, 134.7, 135.2, 135.7, 136.2, 136.7, 137.2, 137.7, 138.2, 138.7, 139.2, 139.7, 140.2, 140.7, 141.2, 141.7, 142.2, 142.7, 143.2, 143.7, 144.2, 144.7, 145.2, 145.7, 146.2, 146.7, 147.2, 147.7, 148.2, 148.7, 149.2, 149.7, 150.2, 150.7. The text at the top reads 'FINANCIAL TIMES BUSINESS NEWS YOU CAN RECEIVE FINANCIAL BULLETINS DIRECT FROM THE FINANCIAL TIMES RADIO STUDIO IN YOUR AREA ON THE FOLLOWING STATIONS AT THE FOLLOWING TIMES'. Below the map, there are logos for FT, ABC Radio Networks, and The Unique Broadcasting Company.











INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST

Möller profits 'will beat expectations'

A. P. Möller, the shipping, shipbuilding and oil and gas group, will report better-than-expected results for 1995...

OCP buys 40% of Teneo arm

Teneo, Spain's state holding company, has partly privatised its construction subsidiary Auxini with a Pta3.03bn deal...

Adia ahead 66% in first term

Adia, the Swiss temporary employment agency, yesterday reported a jump in net profit in the first quarter of its 1995-96 financial year...

BSI-Banca della Svizzera Italiana, the Lugano-based private bank wholly-owned by Swiss Bank Corporation...

Fokker shares halve as trading resumes

By Ronald van de Krol in Amsterdam

Fokker's shares lost nearly half their value yesterday as trading resumed after a two-day suspension...

with negative equity or other serious financial difficulties, and carries an implicit warning to potential investors.

In early trading, the shares plunged more than 70 per cent to Ft1.75 but recouped some losses to close at Ft3.20...

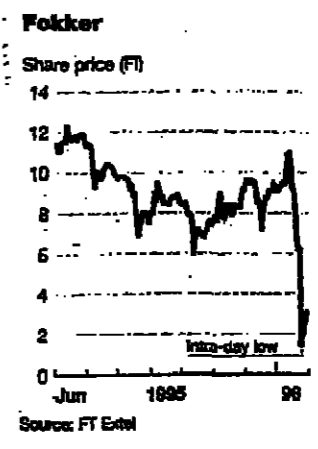
Mr Hans Wijers, the Dutch economics affairs minister, told Dutch radio that interest had been expressed from companies in Asia, North America and Europe...

Bombardier of Canada, whose aerospace activities include Learjet, De Havilland and Short Brothers in Northern Ireland, is frequently cited as a likely candidate...

ker, or parts of the business, to be given realistic future prospects, with or without third parties," he said in his letter.

Besides holding a controlling stake in Fokker, Dasa is also the Dutch company's biggest creditor and a key supplier of fuselages for the Fokker 70 and the Fokker 100 aircraft.

By Dasa to Fokker for leased Fokker aircraft which were transferred to a leasing company owned by Daimler-Benz's financial services arm.



Incentive parts with Hasselblad

By Hugh Carnegie in Stockholm

Sweden's Wallenberg empire yesterday parted company with one of its most prestigious brands when it sold Hasselblad, the specialist camera maker...

Hasselblad cameras have been used by NASA, the US space agency, for more than 30 years and photographed Neil Armstrong's first steps on the moon in 1969...

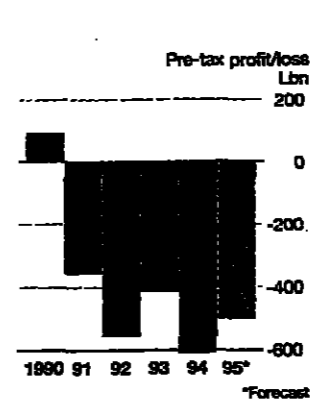
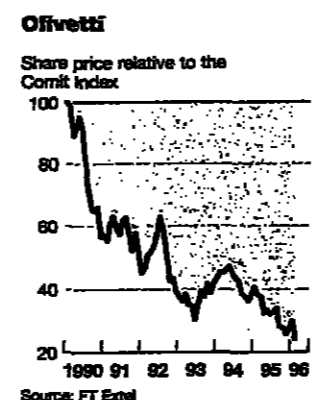
In recent years, the company has also developed digital imaging and transmission products used by newspapers and the press industry...

The Gothenburg-based company, founded in the 1940s by the late Swedish amateur photographer Victor Hasselblad...

Olivetti's openness fails to impress

By John Simkins in Milan

Whenever Olivetti seems to have turned the corner, it reveals another nasty surprise. Tuesday's announcement of bigger than expected 1995 losses was a case in point...



profit forecast to about L130bn. Olivetti said the slowdown in the second half was due largely to the worldwide downturn in informatics...

It would be higher than the L500bn provided for in the first half. After Tuesday's board meeting Olivetti said it expected a pre-tax loss of L500bn before a restructuring charge of L1,050bn...

However, Olivetti claimed the surprisingly successful L2,570bn (£1.4bn) rights issue in December - which resulted in foreign investors owning about 70 per cent of the company - meant it owed an even greater responsibility to be transparent.

and that operating profit would be higher than currently estimated. "Olivetti has had little credibility with analysts because they have said they would be out of the red so often in the past," he said...

Another Milan broker said that although the estimated losses were in line with most recent expectations, the market had been disappointed by the lack of information on the group's debt...

He said the tumbling share price also reflected worries that the expected net profit for 1996 might not materialise. A number of houses have recently downgraded their

Other positive steps, said Mr Carlo De Benedetti, chairman, were the Infostrada telecoms joint venture with Bell Atlantic, France Telecom and Deutsche Telekom...

Flat returns from main Thyssen unit

By Michael Lindemann in Düsseldorf

Thyssen Handlungsbank (THU), the largest of the three divisions in the Thyssen group, yesterday reported flat net profits of DM115m (\$80.5m) for the year to last September...

Mr Dieter Vogel, the company's chief executive who takes over at the helm of the Thyssen group in March, said uncertainty about economic growth in Germany and elsewhere was likely to affect THU's performance this year...

The company described the first quarter of the current year, which began on October 1, as "subdued". Sales rose 15 per cent to DM4.6bn but half of that increase was because of additions at the logistics and recycling businesses...

management board. In spite of the warnings, Mr Vogel said virtually all THU's eight divisions recorded a profit in the year to September 30.

The only exception was the year-old telecommunications division, which reported losses of DM150m because of start-up costs. About 70 per cent of those losses were related to investments in E-Plus, Germany's third mobile phone network...

He said THU's accounts looked less positive than expected this year because the company had had to pass on DM190m to its parent company to finance this year's dividend of DM10 a share. Last year, when no dividend had been paid, THU had passed on only DM5.5m.

DnB gets go-ahead for Vital takeover

By Hugh Carnegie

Norway's Labour government has finally given the green light to Den norske Bank, the country's biggest bank, to take over the insurance group Vital...

The Nkr2.96bn (\$457m) takeover was fraught with controversy because the government, as majority shareholder in DnB, and regulator of the financial sector, assumed the double role of bidder and adjudicator.

Mr Sighjörn Johnsen, finance minister, ruled in the end that both DnB and Aegon could take over Vital, Norway's second largest insurance company. But the practical effect of the judgment was to hand victory to DnB as it had already won acceptance for its Nkr110.00-share-bid from 99 per cent of Vital's shareholders.

This stance enjoys considerable political support. But opposition parties - led by the Conservative party - had objected strongly to the takeover on the grounds that it reduced competition in the financial services industry and significantly extended the state's ownership role.

But the gamble by the government, which is in a minority in parliament, that the fragmented opposition would fail to unite over the issue to push through a motion of no-confidence assumed yesterday to have paid off.

The government still owns 72 per cent of DnB and 69 per cent of its biggest rival, Christiania Bank, following the state bailout of the banking system during a severe loan loss crisis at the turn of the decade. Labour is prepared to reduce these stakes to 50 per cent by 1997, but wants to hold on indefinitely to a controlling one-third share.

Strength of Swiss franc hits Ciba sales

By Daniel Green

The strength of the Swiss franc hit 1995 sales at Ciba, the Swiss pharmaceuticals and chemicals company.

Ciba sales slipped 3 per cent to Sfr20.7bn (\$17.4bn), from Sfr22.05bn in 1994, but the company forecast improved profits. When measured in local currencies, sales rose by 6 per cent.

The sales figures were worse than those of both Roche and Sandoz, the other two large Swiss drugs companies, published in the past week. Ciba, however, promised that profits for the year would be "substantially higher" than in 1994, with a strong operating performance supported by good treasury results and effective hedging.



Alex Krauer: promises that year's profits will be higher

While profits remained sluggish, sales at THU rose 13.7 per cent to DM20bn, their highest level to date. Ciba shares rose Sfr18 to Sfr982 following the comments. Mr Alex Krauer, chairman, is scheduled to announce the profits figures on March 30. Sales in Ciba's healthcare division fell by 2 per cent last

contact lenses and ophthalmic medicines, saw sales rise 2 per cent to Sfr1.12bn, or an increase of 13 per cent in local currencies.

Sales in the agriculture sector rose 1 per cent to Sfr4.8bn, or up 12 per cent in local currencies. Growth in agriculture was fuelled especially by "the extraordinary performance" of its animal health segment, where sales climbed 44 per cent in Swiss francs.

The growth was boosted by the "tremendous success" of the launch of its pet flea control treatment in the US. Crop protection sales totalled Sfr3.85bn, down 4 per cent in Swiss francs but up 7 per cent in local currencies. Seeds sales fell to Sfr215m, down 9 per cent in Swiss francs but up 3 per cent in local currencies. Industry division sales dropped 8 per cent to Sfr7.5bn, a rise of 1 per cent in local currencies. Ciba said business conditions at its textile dyes and chemicals segments continued to be "tough".

Advertisement for the State of Rheinland-Pfalz, Federal Republic of Germany. Includes coat of arms, logo, and text: 'DM 600,000,000 6% Landesschatzanweisungen of 1996/2006'. Lists participating banks: Landesbank Rheinland-Pfalz - Girozentrale, Baden-Württembergische Bank Aktiengesellschaft, Deutsche Girozentrale - Deutsche Kommunalbank, Dresdner Bank Aktiengesellschaft, Südwestdeutsche Landesbank Girozentrale, Westdeutsche Landesbank Girozentrale.











COMMODITIES AND AGRICULTURE

Japanese buyers abandon their coal pricing cartel

By Gerard McCloskey

Japanese steel mills, led by Nippon Steel, have embarked upon a coal pricing revolution. Until this year the annual round of price and tonnage negotiations saw a unified front from Nippon Steel and the other four big blast furnace mills - Kobe, Kawasaki, Sumitomo and Nippon Kokan - hammering out price and tonnage levels with a single Australian or Canadian producer. These prices then became the benchmark for a range of hard coking coals with poorer qualities priced at lower levels depending on their coking characteristics.

Table with columns: Year, Price (US\$ a tonne), showing prices from 1995 to 1998.

Source: McCloskey Coal Information Service

agreement made last week, however, Nippon Steel made it clear that no longer would a single price effectively cover the whole industry. Not only will Australian producers not be asked to agree to this level, but even other Canadian producers will face the need to fight for the values of their own coals individually.

the introduction of this poorer quality in the 1990s. The implications of this development will be extensive. Not only did the other Japanese mills - albeit sometimes unenthusiastically - follow the lead of Nippon Steel, but other big coal buyers in South Korea, Taiwan and from 1995, India, all accepted the JSM agreements as their benchmark.

Barrick plans to double output at Chilean gold mine

By Kenneth Gooding, Mining Correspondent, in Santiago

Only 16 months after acquiring El Indio, Chile's biggest gold mine, Barrick Gold of Canada has plans to double production to about 400,000 troy ounces a year.

December 1994. The property, covering 1,300 sq km and more than 4,000m up in the Andes, is now Barrick's most important long-term asset after the Goldstrike Mine in Nevada, which contains most of the company's reserves and produces most of its profits and cash flow.

to mine will not be made until April. If Barrick goes ahead capital costs will be high because of the remoteness of the site and the fact that Nevada will not use El Indio's existing infrastructure. Costs are estimated at about US\$175m.

1979 we still do not know what reserves we have here," says Mr Lill.

prospective in the world and will spend at least US\$300m exploring it this year.

Welfare expert opposes use of milk-booster hormone

By Alison Maitland

Britain should not authorise use of BST, the hormone which boosts milk production in cows, until there is comprehensive evidence about its impact on animal health, a welfare expert said yesterday.

The European Commission is due to report on further scientific trials by 1998.

But it was not yet known whether lower-yielding dairy cows were similarly affected.

are quite a lot of dairy cows whose welfare is rather poor," Mr Thur O'Brien of Compassion in World Farming, a welfare campaign group, said.

ing unwanted male animals," he said.

Further gold price rise forecast

Gold should rise from its present levels to about US\$490 a troy ounce in the next six months, Morgan Stockbroking economist Michael Knox said yesterday, reports Reuters from Brisbane.

Mr Knox claimed Morgan's estimates in late 1995 provided an early indication of the new year rally. He said an increase in the investment demand for money would generate an increase in the investment demand for gold.

gold should generate increases in the gold price," he explained.

US Congress 'may suspend Farm Acts', says committee chairman

Senate Agriculture Committee chairman Mr Richard Lugar believes Congress may suspend the 1949 and 1985 Farm Acts so that legislators can develop a new Farm Bill, reports Reuters from Washington.

the current act for one or two years," he said after a meeting on Tuesday with Mr Dan Glickman, the agriculture secretary, and congressional farm leaders.

ana Republican, said in a statement.

Russia exported more aluminium in 1995

Russia's aluminium exports outside the former Soviet Union in 1995 totalled 2,37m tonnes, up from 1994's 2.3m, according to estimates by the State Metallurgy Committee, reports Reuters from Moscow.

were based on information from the State Statistics Committee and metal producers.

COMMODITIES PRICES

Table: BASE METALS. LONDON METAL EXCHANGE. Includes Aluminium, Copper, Lead, Zinc, Tin prices and changes.

Table: Precious Metals continued. Includes Gold COMEX, Platinum NYMEX, Silver COMEX, Palladium NYMEX, Silver COMEX, Heating Oil NYMEX, and Gas Oil prices.

Table: GRAINS AND OIL SEEDS. Includes Wheat LCE, Maize CBT, Soybeans CBOT, Soybean Meal CBT, Potatoes LCE, and Wheat Futures data.

Table: SOFTS. Includes Cocoa LCE, Coffee LCE, Coffee C, Coffee CC, Coffee C3, Coffee C4, Coffee C5, and Coffee C6 prices.

Table: MEAT AND LIVESTOCK. Includes Live Cattle CME, Live Hogs CME, Pork Bellies CME, and Live Lamb prices.

Table: LONDON TRADED OPTIONS. Includes Aluminium LME, Copper LME, Coffee LME, Soybean Meal CBT, and various oil and sugar options.

Table: PRECIOUS METALS. Includes London Bullion Market prices for Gold, Silver, and Platinum.

Table: UNLEADED GASOLINE. Includes NYMEX Gas Oil prices and specifications.

Table: FUTURES DATA. Includes VOLUME DATA and INDICES for various commodity markets.

CROSSWORD No.8,976 Set by QUARK. Includes crossword grid and clues.

JOTTER PAD SPOT GOLD LIVE 0331 333110 24 HOURS A DAY. Includes contact information for Market Data Centre.

INTERNATIONAL CAPITAL MARKETS

Prices rally strongly on hopes of widespread interest rate cuts

By Martin Brice and Richard Lapper in London, and Lisa Branstetter in New York

Bond markets rallied strongly yesterday on hopes of interest rate cuts in Europe and the US. European markets continued their rally, taking encouragement from the 10 basis point cut in the German repo rate.

rates at next week's meeting of its Open Market Committee. New home sales fell by 2.1 per cent in November, marking the fourth straight month of declining sales, and figures on both capacity utilisation and industrial production were weaker than expected.

GERMAN BONDS

Analysts said there was little specific reaction to the State of the Union Address delivered on Tuesday night by President Bill Clinton, but his continuing to express hope for a deal to balance the budget gave some support to prices.

German government bonds reacted strongly to the 10 basis point in the repo rate, with yields falling along the curve. Mr Christoph Anbaum, an analyst at UBS in Frankfurt said bonds had taken a better tone, but said: "It was largely expected that the cut would be between 7 and 10 basis points, although 10 was in the upper range of expectations."

On Life, the March 10-year bond closed at 106.00, up 0.14. Bonds outperformed Treasuries, with the yield spread of 10-year bonds moving from 12 to 9 basis points.

10-year bonds, yields were unchanged at 5.34 per cent on hopes of a rate cut at today's Bank of France monetary policy council meeting. Some traders expect up to 50 basis points of the intervention rate.

On Mafit the March 10-year future closed at 122.94, up 0.18, while March Pibor closed at 95.39, up 0.02.

Portuguese bank set to reject bid from rival

By Peter Wise in Lisbon

The management of Banco Fomento e Exterior, a state-controlled Portuguese financial group, regards a €1.2bn (€882m) acquisition offer by Banco Português de Investimento, the country's biggest investment bank, as hostile and is expected to advise shareholders against selling.

Euro-convertible sector springs back into action

By Antonia Sharpe

The euro-convertible bond market sprung back into action yesterday with deals from Lyonnaise des Eaux, the French water and utility group, and Paliburg, the holding company of the Regal Hotels group in Hong Kong.

converted on a one-for-one basis for shares in Lyonnaise, carry a conversion premium of 15 per cent and are callable from 2001. They have a relatively low coupon of 4 per cent but the yield for holders who decide not to convert them will be 5.65 per cent.

Dealers said Lyonnaise's lead was likely to be followed by other internationally-known French companies, such as

12 per cent, in the middle of the indicated range of 11 to 13 per cent.

Fleming said the defensive fixed-income element of the bonds attracted investors wanting to increase their exposure to Asia but not wanting to run the risk of a pure equity investment. If all the bonds are converted, Paliburg's 70 per cent stake in the hotels company will fall to 56 per cent.

INTERNATIONAL BONDS

Total, the oil company, Générale des Eaux, the construction and utilities group, and LVMH, the champagne and luxury goods group.

UK government bonds took strength from bonds while UK economic data had little impact. Swedish government bonds had a volatile day.

A stronger dollar and hopes of an interest rate cut sent US Treasury prices sharply higher in morning trading.

The strength in the US Treasury market gave an extra lift to emerging market debt prices, with Brady bonds continuing their strong recent run.

Argentine FRBs rose by 5 cents, while Polish PDIs gained about 1/2 cent. Polish Brady's led the rally earlier this week after Moody's lifted their rating to investment grade.

French government bonds retreated from early highs after the OGF union called for a week of public sector strikes from February 5, but advanced into positive territory on hopes of further easing.

The yield spread of 10-year paper over bonds moved from 50 to 52 basis points as French bonds underperformed German paper.

UK gilts were lifted in the morning by the bullish outlook on European interest rates and in the afternoon by the strong US Treasury market.

On Life, the March long gilt future closed at 111.18, up 1/4. The 10-year yield spread over Germany was static at around 163 basis points.

Economic statistics showed the shortfall between exports and imports with non-European Union countries increased to \$31.2m in December, against forecasts of \$70m.

Swedish bonds had a volatile day after yields on short-dated paper rose in early trading before retreating in the face of doubts on the speed of their recovery.

Table with columns: Country, Coupon, Maturity, Price, Yield, Change. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, UK, US Treasury, ECU.

Table with columns: Country, Coupon, Maturity, Price, Yield, Change. Includes Italy, Spain, UK, US Treasury, ECU.

Table with columns: Country, Coupon, Maturity, Price, Yield, Change. Includes US, Japan, Germany, France, Italy, Spain, UK, US Treasury, ECU.

Table with columns: Country, Coupon, Maturity, Price, Yield, Change. Includes US, Japan, Germany, France, Italy, Spain, UK, US Treasury, ECU.

US INTEREST RATES

Table with columns: Instrument, Rate, Change. Includes 12-month Treasury bill, 1-year Treasury note, etc.

UK GILTS PRICES

Table with columns: Instrument, Price, Yield, Change. Includes 15-year Gilt, 10-year Gilt, etc.

BOND FUTURES AND OPTIONS

Table with columns: Instrument, Price, Yield, Change. Includes France, Germany, Japan, UK.

FT-FIXED INTEREST INDICES

Table with columns: Index, Value, Change. Includes US, Japan, Germany, France, Italy, Spain, UK, US Treasury, ECU.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Value, Change. Includes US, Japan, Germany, France, Italy, Spain, UK, US Treasury, ECU.

FT/ISMA INTERNATIONAL BOND SERVICE

Large table with columns: Issuer, Maturity, Price, Yield, Change. Includes various international bonds from US, Japan, Germany, France, Italy, Spain, UK, etc.

Other Fixed Interest

Table with columns: Instrument, Price, Yield, Change. Includes various fixed interest instruments.

MARKETS REPORT

US dollar resumes rally after cut in German repo

By Graham Bowley

The dollar resumed its rise against the D-Mark on the foreign exchange yesterday after a fall in the German repo rate fuelled expectations of further cuts in longer-term interest rates.

It also swung gains against the D-Mark and moved close to a two-year high against the Japanese yen.

Data showing an improvement in the Japanese trade surplus and rumours, later denied, that China was preparing to attack Taiwan, gave an early boost to the dollar.

A more conciliatory tone in remarks from both the White House and Republican leaders on the US budget discussions also helped underpin the dollar's buoyant tone.

Political worries in France and Italy offset some of the dollar's upward momentum later in the session as sentiment shifted back towards the D-Mark within Europe. Data,

pointing to a further slowing of the US economy, also raised the possibility of a cut in US interest rates at next week's FOMC meeting.

In France, the threat of renewed protests over cuts in public sector spending hit the franc, which ended lower against the D-Mark.

Analysts said that further political unrest would mean the French government would be unable to implement all the reforms necessary to cut the country's large budget deficit.

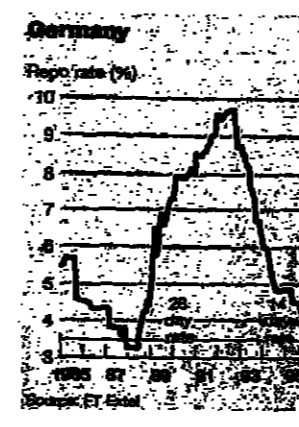
Similar worries in Italy after rumours, also denied, that President Scalfaro was set to call an early general election, pulled the lira lower on fears that a new government would be too weak to make desired cuts in government spending.

The German Bundesbank's decision to allow its short-term repo rate to fall further yesterday by 10 basis points to 3.55 per cent - renewed market confidence that German interest rates are set to fall again.

This confidence had been undermined earlier this week after Bundesbank officials had suggested that further interest rate cuts would depend on more subdued growth in M3 money supply.

But Mr Raimund Joehannen, a Bundesbank council member, suggested yesterday that the cycle of lower German interest rates may not have ended. Data for one of the German states showing continued subdued inflation also supported the view that the German economy remains weak and with few inflationary pressures.

"What we have seen today is a resumption of the trend we saw before with a softer D-Mark and a better interest



In Belgium, the end-of-day rate was lowered from 4.9 per cent to 4.8 per cent and the central rate fell from 3.65 per cent to 3.55 per cent.

The Danish central bank cut its 14-day repo rate by 0.15 percentage points to 4.35 and the discount and key deposit rates by 0.25 points to 4.0 per cent.

The absence of any negative news on the US budget impasse helped underpin the dollar.

Analysts said the lack of any controversial news in the President's State of the Union Address on Tuesday had given the dollar an early boost, while comments from Mr Newt Gingrich, the Speaker of the House of Representatives, were also viewed as positive.

However, Mr Mark Fox, strategist at Lehman Brothers in London, said the Lehman view was now that there would be no budget agreement reached before the November presidential elections.

The dollar finished in London at DM1.4803 from DM1.4775, and against the yen at Y106.7850, from Y106.82.

Sterling was stable for much of the day. Economic data, showing a slight widening of the UK's trade gap with countries outside the European Union, had little impact. The pound closed higher against the D-Mark at DM2.2387 from DM2.2366. It finished broadly unchanged against the dollar at \$1.513 from \$1.514.

Analysts are now looking to see whether developments towards the end of this week, when the current provisional stop-gap budget arrangements run out, will further support or undermine the US currency.

SPOND SPOT FORWARD AGAINST THE POUND

Table with columns: Jan 24, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, Bank of England rate. Rows include Australia, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, EU, and various Asian currencies like Argentina, Brazil, Canada, Mexico, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Jan 24, Closing mid-point, Change on day, Bid/offer spread, Day's high/low, One month rate, Three months rate, One year rate, JP Morgan index. Rows include Australia, Austria, Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, and various Asian currencies like Argentina, Brazil, Canada, Mexico, etc.

CROSS RATES AND DERIVATIVES

Table titled EXCHANGE CROSS RATES with columns for Jan 24, Bid, Offer, High, Low, Est. vol, Open Int. Rows include Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Canada, US, Japan, and Korean Won.

UK INTEREST RATES

Table titled LONDON MONEY RATES with columns for Jan 24, Over-night, 7 days, One month, Three months, Six months, One year. Rows include Interbank Sterling, Bank Bills, Discount, and Treasury Bills.

JAPANESE YEN FUTURES

Table with columns: Mar, Jun, Sep, Open, Last, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

STERLING FUTURES

Table with columns: Mar, Jun, Sep, Open, Last, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

EMIS EUROPEAN CURRENCY UNIT RATES

Table with columns: Jan 24, Bid, Offer, High, Low, Est. vol, Open Int. Rows include Spain, Netherlands, Belgium, Austria, Germany, France, Portugal, Denmark, Greece, Ireland.

SHORT TERM EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar, Jun, Sep, Open, Last, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

BASE LENDING RATES

Table with columns: Bank Name, Rate, Bank Name, Rate, Bank Name, Rate. Includes various banks like Adena & Company, AIB, and others.

EMIS EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar, Jun, Sep, Open, Last, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

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EMIS EUROPEAN CURRENCY UNIT RATES

Table with columns: Mar, Jun, Sep, Open, Last, Change, High, Low, Est. vol, Open Int. Rows include Mar, Jun, Sep.

WORLD INTEREST RATES

Table with columns: January 24, Over-night, One month, Three months, Six months, One year, Lend. rate, Bid. rate, Repo rate. Rows include Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, UK, Japan, and various Asian currencies.

EURO CURRENCY INTEREST RATES

Table with columns: Jan 24, Bid, Offer, High, Low, Est. vol, Open Int. Rows include Belgium, Denmark, Dutch, French, Italian, Portuguese, Spanish, Swiss, UK.

Advertisement for THE FT GUIDE TO WORLD CURRENCIES, published in Monday's newspaper and covering over 200 currencies.

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Advertisement for RSPV MAYFAIR LIMITED, offering a Guaranteed Extendible Variable Rate Notes due 2006.

Advertisement for Notice of Early Redemption to Holders of Series A of RSPV MAYFAIR LIMITED.

Advertisement for FUTURES PAGER, offering a FREE TO DAY TRIAL for CURRENCIES, FUTURE, and BONDS.

Advertisement for THE TAX FREE WAY TO PLAY THE MARKET'S CITY INDEX, offering a FREE TRIAL for a City Index account.

Advertisement for ARGUS FUNDAMENTALS, offering a FREE TRIAL for a Petroleum Argus account.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS & MERCHANTS

Table listing companies in the Building Mats & Merchants sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Equipment sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Equipment sector table.

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EXTRACTIVE INDUSTRIES - Cont.

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HOUSEHOLD GOODS - Cont.

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INVESTMENT TRUSTS - Cont.

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Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Continuation of Investment Trusts sector table.

Handwritten note in Arabic: 'سكنا من الاصل'



LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for name, price, and change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for name, price, and change.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and change.

AIM - Cont.

Table listing AIM companies with columns for name, price, and change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and change.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and change.

RETAILERS, FOOD

Table listing food retailers with columns for name, price, and change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and change.

AMERICANS

Table listing American companies with columns for name, price, and change.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and change.

MEDIA

Table listing media companies with columns for name, price, and change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and change.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for name, price, and change.

CANADIANS

Table listing Canadian companies with columns for name, price, and change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and change.

OTHER FINANCIAL

Table listing other financial companies with columns for name, price, and change.

PROPERTY

Table listing property companies with columns for name, price, and change.

SUPPORT SERVICES

Table listing support services companies with columns for name, price, and change.

WATER

Table listing water companies with columns for name, price, and change.

AIM

Table listing AIM companies with columns for name, price, and change.

Bulgari advertisement featuring a watch and the text: 'SPORT WATCH IN STAINLESS STEEL. AUTOMATIC MOVEMENT. WATER RESISTANT. SWISS MADE. BVLGARI 172 NEW BOND STREET, LONDON W1, (0171) 872 9969'

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service... Company identifications are based on those used for the FT-SE Actuaries Share Index... Includes details on share prices, dividends, and company information.

British Gas shake up

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various fund units and prices under the Bermuda (SIB Recognised) section.

BERMUDA (REGULATED)\*\*

Table listing various fund units and prices under the Bermuda (Regulated) section.

GUERNSEY (SIB RECOGNISED)

Table listing various fund units and prices under the Guernsey (SIB Recognised) section.

GUERNSEY (REGULATED)\*\*

Table listing various fund units and prices under the Guernsey (Regulated) section.

ISLE OF MAN (SIB RECOGNISED)

Table listing various fund units and prices under the Isle of Man (SIB Recognised) section.

ISLE OF MAN (REGULATED)\*\*

Table listing various fund units and prices under the Isle of Man (Regulated) section.

JERSEY (SIB RECOGNISED)

Table listing various fund units and prices under the Jersey (SIB Recognised) section.

JERSEY (REGULATED)\*\*

Table listing various fund units and prices under the Jersey (Regulated) section.

LUXEMBOURG (SIB RECOGNISED)

Table listing various fund units and prices under the Luxembourg (SIB Recognised) section.

LUXEMBOURG (REGULATED)\*\*

Table listing various fund units and prices under the Luxembourg (Regulated) section.

IRELAND (SIB RECOGNISED)

Table listing various fund units and prices under the Ireland (SIB Recognised) section.

IRELAND (REGULATED)\*\*

Table listing various fund units and prices under the Ireland (Regulated) section.

ISLE OF MAN (SIB RECOGNISED)

Table listing various fund units and prices under the Isle of Man (SIB Recognised) section.

ISLE OF MAN (REGULATED)\*\*

Table listing various fund units and prices under the Isle of Man (Regulated) section.

JERSEY (SIB RECOGNISED)

Table listing various fund units and prices under the Jersey (SIB Recognised) section.

JERSEY (REGULATED)\*\*

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Table listing various fund units and prices under the Luxembourg (SIB Recognised) section.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4578 for more details.

Table with multiple columns listing various fund names, their performance metrics, and other details. Includes sub-sections like 'Global Asset Management - Cont.' and 'Global Asset Management - Cont.'.

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Table with multiple columns listing various fund names, their performance metrics, and other details. Includes sub-sections like 'Global Asset Management - Cont.' and 'Global Asset Management - Cont.'.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Handwritten Arabic text: 'صكنا من الاصل'





4 p.m. close January 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized into columns with headers like 'Symbol', 'Price', 'Change', etc. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

BE OUR GUEST. RR ROYAL. When you stay with us in LUXEMBOURG stay in touch with your complimentary copy of the FINANCIAL TIMES.

مكتبة من الاصل

Continued on next page

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for Financial Times featuring a clock graphic and text: 'In a world where every second counts, nobody should wait for a "second-hand" FT!'.

Continuation of NASDAQ National Market listing from the previous page.

AMERICA

Strong earnings, gains in bonds lift equities

Wall Street

A spate of good earnings reports and strength in the bond market led to gains in the equity market by midsession, writes Lisa Branstetter in New York.

might lower interest rates at next week's meeting of its open market committee.

shares were 8% higher at \$108, bringing the rise over the last five sessions to more than 20%.

EUROPE

Fistful of factors in new Frankfurt peak

A fistful of positive factors extended FRANKFURT's lead over other senior bourses this year, the Ibis-Indicated Dax index closing 43.56 or 1.8 per cent higher at an all-time peak of 2,456.65.

the Deutsche Börse, which had decided earlier to drop F&G from the Dax 100 and MDAX indices, said it would remove AEG instead, on the latter's merger with Daimler.

FT-SE Actuaries Share Indices

Table with columns: Index, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030.

AMSTERDAM recovered all of Tuesday's loss as the market followed the trend throughout the Continent. The AEX index made 3.89 to 508.69.

OLIVETTI, the technology and information group, fell to a session's low of 1,855 as investors reacted to the company's warning, made after the close of Tuesday's trade, of larger than expected restructuring charges.

SP-982, but Roche certificates fell SFY110 to SFY8,780. Elsewhere, a 66 per cent leap in first-quarter profits at Adia, the Tampa agency group, left the shares up SFY7 or 8.5 per cent at SFY206.

Mexico City, São Paulo easier

Mexico City was slightly softer by midsession as profits were taken, while weakness in the domestic currency was another contributory factor.

The Bovespa index was off 207 points at 49,645 by midday.

The senate constitution and justice committee was due to vote on the fiscal stabilisation fund.

ASIA PACIFIC

Bombay at 26-month low, Nikkei up 1.2%

After an intra-day decline through the 20,000 level, lingering uncertainty about Japan's ailing housing loan companies and speculative purchases by individual investors, and the Nikkei average gained 1.2 per cent, writes Emilio Terazono in Tokyo.

In Osaka, the OSE average dipped 12.61 to 21,616.06 in volume of 196m shares.

rumours that some brokers at Calcutta and Ahmedabad were facing payment problems also triggered nervous selling.

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

index has moved up too fast in the last few days.

EMERGING MARKETS: IFC WEAKLY INVESTABLE PRICE INDICES

Table with columns: Market, No. of stocks, Jan. 19 1995, % Change over week, % Change on Dec '95, Jan. 19 1995, % Change over week, % Change on Dec '95.

Indices are calculated at end-month, and weekly changes are percentage movements from the previous Friday. Base date: Dec 1989=100 except those noted which are 1990=100.

Last year saw the emerging equity markets of Africa and the Middle East achieving the strongest growth, according to a review published this week by Kleiman International, the US based consultancy, writes John Pitt.

Roundup

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

SEATTLE

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

SYDNEY

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

TOKYO

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

WALL STREET

Political fears dragged BOMBAY to a 26-month low, the BSE-30 index ending 58.13 down at 2,898.57 as growing concerns about an \$18m bribery scandal involving several political leaders triggered heavy stock selling.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries, NatWest Securities Ltd. was a co-founder of the indices.

Table with columns: NATIONAL AND REGIONAL MARKETS, US Dollar, Day's Change, Tuesday January 23 1996, Local Index, Local % Chg, Gross Dn., US Dollar, Day's Change, Monday January 22 1996, Local Index, Local % Chg, Gross Dn., DOLLAR INDEX, High, Low, Year Ago.

Global banking made in Germany.

Advertisement for WestLB bank, featuring a large image of a building and text describing global banking services.

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